20220704153000

VSM Group AB
Org nr 556538-8666

Årsredovisning för räkenskapsåret 2021

Styrelsen och Verkställande Direktören avger följande årsredovisning.

Innehåll

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Företagets redovisningsvaluta: Svenska kronor.
Om inte annat anges, redovisas alla belopp i tusentals kronor.

Undertecknad styrelseledamot/VD i VSM Group AB intygar, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultaträkningen och balansräkningen fastställts på årsstämman den 30-6-22

Årsstämman beslöt att godkänna styrelsens förslag beträffande den uppkomna vinsten.

Jönköping den 30-6-22

Mirko Mori

20220704153301

VSM Group AB
Org nr 556538-8666

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Företagets redovisningsvaluta: Svenska kronor.
Om inte annat anges, redovisas alla belopp i tusentals kronor.

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Förvaltningsberättelse

Verksamhet

VSM Group AB med säte i Jönköping är ett helägt dotterföretag till KVSM Luxembourg S.a.r.l. (1 rue des Glacis, Luxembourg, L-1628 Luxembourg – com. reg.nr. B113289). VSM Group AB var ett helägt dotterbolag till VSM Group Holding AB (org.nr. 556619-6712) till 30 september 2019. Den 30 september 2019, överfördes aktierna i VSM Group AB från VSM Group Holding AB till KVSM Luxembourg S.a.r.l. (1 rue des Glacis, Luxembourg, L-1628 Luxembourg – com. reg.nr. B113289). Samma datum gav KVSM Luxembourg S.a.r.l. ett villkorslöst aktieägarbidrag genom att överföra ägandet av alla aktieägares aktier i KVSM Sweden AB till VSM Group AB. En fusion mellan dotterbolagen VSM Group Holding AB och KVSM Sweden AB med moderbolaget, VSM Group AB, påbörjades under 2019 och registrerades hos Bolagsverket den 3 januari 2020. Bolaget ingår som en del i SVP-koncernen med SVP-Singer Holdings LP (1714 Heil Quaker Blvd, La Vergne, TN 37086, US – org. nr. 83-4371306) som slutligt ägarföretag.

Verksamheten består framförallt av utveckling och marknadsföring av hemsymaskiner och tillhörande produkter och tjänster som låter användaren uppleva glädjen med kreativ sömnad. Produkterna säljs under de tre globala varumärkena Husqvarna Viking®, Pfaff® och Singer®.

Översikt över resultat och ställning

(belopp i tkr)	2021	2020	2019	2018	2017
Nettoomsättning	133.557	868.987	957.826	1.010.287	776.280
Rörelseresultat	5.020	134.308	15.015	6.823	22.080
Resultat efter finansiella poster	42.734	204.545	192.005	138.631	162.345
Balansomslutning	930.485	999.963	2.165.041	1.946.875	2.171.499
Soliditet (*)	53,76%	45,38%	32,93%	28,03%	25,01%

* Soliditeten anger hur stor andel av tillgångarna som är finansierades med eget kapital.

Försäljning, resultat och likviditet

Den 10 oktober 2020 sålde VSM Group sina varulager I Polen och Spanien till koncernbolaget SVP Sewing Brands Europe BV. All försäljning i SVP-koncernen sker därefter via lokala säljbolag.

Rörelseresultatet minskade jämfört med föregående år till 5.020 kkr (134.308 kkr). Management fees täcker försäljningskostnader, administrationskostnader och forskning- och utvecklingskostnader. Dessa redovisas i år som nettoomsättning då det är bolagets primära intäkter. Föregående år var det sekundär intäkt och redvisades därför som övriga röreseintäkter.

Resultatet efter finansiella poster uppgick till 42.734 kkr (204.545 kkr). Den kraftiga resultatminskningen beror på att försäljningsaktiviteterna i bolaget avslutades i oktober 2020. Dotterbolagens utdelningar minskade från 17.435 kkr till 2.417 kkr. VSM Group AB erhöll 2021 utdelning från VSM Australia på 1.956 kkr (1.884 kkr) och VSM Switzerland på 460 kkr (1.615 kkr).
År 2020 erhölls den största utdelningen från VSM Nederland – 13.936 kkr.
Dotterbolaget såldes i januari 2021 till Befrako.

Under året har koncernbidrag på 3.366 kkr mottagits från VSM Sverige AB.

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Bolagets soliditet har ökat till 53,76 % (45,38 %). Likviditeten i form av kassa och bank har minskat till 879 kkr (5.519 kkr) beroende på företagets policy att optimera användningen av kassa och bank inom koncernen genom att minimera outnyttjade likvida medel.

Viktiga förhållanden och väsentliga händelser

VSM Group AB avyttade i januari 2021 aktierna I dotterbolaget VSM Nederland B.V. till Brafrako B.V. Köpeskillingen uppgick till 350.000 USD.

Under året har det genomförts ägarförändringar i gruppen, huvudägaren ändrades under sommaren 2021 från Ares Capital Corporation till Platinum Equity. Grundat 1995 av Tom Gores, Platinum Equity är ett globalt investment bolag med mer än 25 miljarder USD i tillgångar under förvaltning och en portfölj av ungefär 40 operativa företag som servar kunder över hela världen. Platinum Equity är specialicerad på fusioner och förvärv av verksamheter och att driva företag på ett brett spektrum av marknader. Man verkar inom tillverkning,distribution, transport och logistik, uthyrning av utrustning, metalltjänster, media och underhållning, teknik, telekommunikation och industriverksamhet.

Förväntad framtida utveckling samt risker och osäkerhetsfaktorer

Koncernens verksamhet bedöms fortsätta med god tillväxt. Inga extraordinära operativa eller finansiella risker har identifierats. Även om försäljningen upphörde under oktober 2020 kommer bolaget att behålla forskning, utveckling och marknadsföring som tjänst till andra koncernföretag.

Forsknings- och utvecklingskostnader

Forsknings- och utvecklingskostnaderna har ökat till 105.908 kkr (98.081 kkr). Under 2021 slutfördes utvecklingen på R&D av vår top of the line-maskin, Creative Icon 2. Den innehåller många nya funktioner med hög teknisk höjd som AI, AR och röststyrning . Vi förstärkte vårt tidigare lanserade SaaS system (mySewnet) med ytterligare digitala funktioner för kreativitet i vår strävan att förse våra kunder med branschens bästa digitala upplevelse.

Valutaexponering

Inköpen utförs i stor del i svenska kronor medan försäljningen skedde främst i Euro. Företaget säkrar inte löpande flöden i utländsk valuta då detta sker på SVP koncernnivå.

Kvalitets- och miljöarbete

Den av VSM Group AB bedrivna verksamheten i Huskvarna är anmälningspliktig enligt miljöbalken.

I den verksamhet som kvarstår efter att den egna tillverkningen upphörde 2010 sker miljöpåverkan framförallt genom hantering av avfall och en mindre mängd kemiska produkter inom utvecklingsavdelningens laboratorium och prototypverkstad. Kontinuerlig uppföljning och kontroll sker om nya, anmälningspliktiga ämnen tillkommer.

Förslag till vinstdisposition

Till årsstämmans förfogande står följande vinstmedel:

Balanserad vinst	136.811.850 kr
Årets resultat	46.480.083 kr
	183.291.933 kr

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Styrelsen och verkställande direktören föreslår att vinstmedlen överförs i ny räkning.

Under året har koncernbidrag på 3.366 kkr mottagits från VSM Sverige AB.

Övrigt

Företagets resultat och ställning framgår i övrigt av efterföljande resultat- och balansräkningar, rapport över förändringar i eget kapital, kassaflödesanalys samt tillhörande noter och kommentarer.

Tillämpade redovisnings- och värderingsprinciper är noggrannare beskrivna i ett separat avsnitt tillsammans med noter till de ekonomiska uppställningarna.

Företagets resultat- och balansräkning blir föremål för fastställelse på årsstämman.

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Hållbarhetsrapport

Sammanhang och affärsmodell

VSM Group AB i Jönköping är ett företag i SVP koncernen med SVP Worldwide som ledande bolag inom koncernen.

Det finns en rad policys och initiativ på koncernnivå som är relevanta för detta företaget och de beskrivs i denna rapport. De största områdena där VSM Group har direkt hållberhetspåverkan är på kontoret i Jönköping och fram till hösten 2020 dess logistikaktivitet som utfördes av en tredje part. En annan hållbarhetsaspekt ligger vid företagets dotterbolag eftersom vissa av dem har kontor och anställda. Vid dotterbolagen sker också försäljning till externa kunder och det är vid försäljningstillfället motverkande av korruption äger rum.

Verksamheten i Jönköping består huvudsakligen av forskning och utveckling. Nya plattformar för hemsymaskiner och eftermarknadsprodukter tas fram inom mekanik, elektronik, mjukvara, användargränssnitt och teknisk information för att säkerställa höga användarvänlighet, kvalitetsnivå, funktionshöjd och kostnadseffektivitet för Husqvarna Viking® och Pfaff®produkter. Vid balansdagen hade VSM Group 78 anställda, alla baserade i Jönköping, varav 67 jobbade inom forskning och utveckling.

Policys och riktlinjer

SVP Worldwide har utgett en verksamhetspolicy (Business Conduct Policy). Denna policy är tillgänglig på 10 olika språk (svenska inkluderat) på företagets interna hemsida. Denna verksamhetspolicy (BCP) reglerar flera olika aspekter såsom förebyggande av korruption, sociala förhållanden, personalpolitik och anställdas rättigheter. Den reglerar särskilt anställningskrav; bokförings och redovisningspriciper; lagöverstämmelse; intressekonflikt; orättvisa affärsmetoder; sekretess; användning och skydd av företagets tillgångar; likabehandling på arbetsplatsen; trakasserier; säkerhet på arbetsplatsen; barn och tvångsarbete; rapporteringsförfaranden. Senaste version av BCP updaterades slutet av 2020.

Koncernens juridiska avdelning har utformat affärsverksamhetspolicyn och personalavdelningen är ansvarig för att de anställda tar del av den. Platschefer har också samarbetat inför detta mål.

På VSM Group har en gemensam utbildning av BCP:en hållts för alla anställda under september 2017. Dem som har påbörjat anställningen därefter har fått materialet och har bekräftat att de läst dokumenten samt är införstådda med innehållet.

Samma enligt ovan gäller det svenska säljbolaget VSM Sverige, där de anställda haft utbildningen under oktober 2017.

Anställda i dotterbolagen i resten av Europa har skrivit under affärsverksamhetspolicyn och olika utbildningar har genomförts.

Anställda är uppmanade att anmäla kända eller misstänkta brott mot SVP Worldwides affärsverksamhetspolicy till hans eller hennes handledare, vidare till personal eller juridisk avdelning. Det finns även möjlighet att anmäla brott mot BCP genom en telefon och internetbaserad tjänst. Inga incidenter, det vill säga överträdelse mot BCP, har rapporteras för VSM Group och dess dotterbolag under året.

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MOTVERKANDE AV KORRUPTION

SVP Worldwide's affärsverksamhet faller under USA Foreign Corrupt Practices Act, UK Bribery Act och liknande lokala lagar som härstammar från OECD Anti-Bribery Convention, vilka förbjuder mutor.

SOCIALA FÖRHÅLLANDEN, INKLUSIVE PERSONAL OCH RESPEKT FÖR MÄNSKLIGA RÄTTIGHETER

Arbetstagare får inte diskriminera en medarbetare eller potentiell arbetstagare, kund eller leverantör på grund av deras ras, religion, hudfärg, nationalitet, ålder, kön, sexuell läggning, civiltillstånd, familjetillstånd, medborgarskap eller handikapp. SVP Worldwide förbjuder diskriminering gällande samtliga anställningsområden: vid anställning, befordran, kompensation och uppsägning. Arbetstagare får inte trakassera, skrämma eller bete sig ovälkommet, fientligt, motbjudande, förnedrande eller våldsamt mot en medarbetare, leverantör eller kund. Alla säkerhetsangelägenheter eller olyckor måste rapporteras av arbetstagaren. Utöver att de arbetslagar och bestämmelser följs i de länder där företaget är verksamt, förbjuder SVP Worldwide uttryckligen användande av barnarbete och tvångsarbete i sina företag och i de företag där deras produkter är representerade.

MILJÖ

Det finns ingen specifik miljöpolicy på VSM Group eller på koncernnivå. Koncernens inköpsavdelning omförhandlar för närvarande avtal med de största leverantörerna och villkor om miljökrav planeras att bli inkluderade.

Hållbarhetsrelaterade risker

Risken av korruption för VSM Groups anställda är begränsad. Både inköp och försäljning av varor skedde i största del genom våra koncernföretag. För inköp tillämpas policyn främst för inköp av tjänster i Jönköping relaterade till forskning och utveckling samt i förhållande till logistikleverantören fram till hösten. Från en försäljningssynvinkel är motverkande av korruption mer relevant för VSM Groups dotterbolag som säljer direkt till slutkunder i olika länder i Europa.

VSM Group och dess dotterbolag bedriver verksamhet i länder där anställda har ett gott skydd. Ingen egen produktion bedrivs och miljörisker till följd av kontorsarbete är relativt begränsade.

Logistikpartner som samarbetar med VSM Group AB dotterbolag är ledande inom området och jobbar med hållbarhet sedan 2008 genom ett program som har som målsättning att reducera miljöpåverkan, särskilt koldioxidutsläppen. Detta program innefattar aktiviteter som till exempel lagerarbetet, transportarbetet, upphandlingen och affärsresorna. Hållbarhetsprogrammet utgår från ett tydligt styrelsegodkänt anförande och ett hållbarhetsråd som ger råd och generell vägledning gällande hållbarhetsagendan.

Åkerier är föremål för ett flertal säkerhets och miljöregler som fastställts av vår logistikpartner i de generella samarbetsavtalen. Dessa infattar bland annat följande riktlinjer: inspektion av transportservice, specifika transporthänsvisningar, dokument-betalningsflödet, koldioxidutsläpp (EURO 5 eller högre), fordonsstandard, försäkring.

Underleverantörerna arbetar ständigt med att byta ut gamla fordon för att reducera koldioxidutsläppen. CO2 mätningar kan fås på begäran.

ARBETSMILJÖ

För kontoret i Jönköping genomförs Skyddskommitté möte fyra gånger om året, där personalansvarig, platschef, office admin och två skyddsombud går igenom ämnen relaterade till hälsa och säkerhet som till exempel sjuktal, företagshälsovården, tillbud och hjärtstartare. Ett protokoll upprättas efter varje möte.

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Personalansvarig, office admin och två skyddsombud genomför även brand- och skyddsrond fyra gånger om året. Skyddsronden går igenom lokalerna för att identifier eventuella brister och protokoll upprättas efter varje skyddsrond. Besiktning av hissar och fastigheten sker av hyresvärden, Castellum.

EN JÄMSTÄLLD ARBETSGIVARE

Könsfördelningen i genomsnitt visar 31 kvinnor och 57 män anställda år 2020 på VSM Group samt 34 kvinnor och 25 män sammanlagt i dess dotterbolag.

AVFALL

Sortering av avfall sker enligt gällande miljökrav. Det finns en avsedd plats för avfallshantering där kärlen är märkta för de olika materialen, bland annat wellpapp och elektronikskrot. Ansvarig för avfallshanteringen är VSM Group AB tillsammans med RagnSells.

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Resultaträkning

	Not	2021	2020
Nettoomsättning		133.557	868.987
Kostnad för sålda varor		0	-741.411
Bruttoresultat		133.557	127.576
Försäljningskostnader		-15.223	-58.824
Administrationskostnader	3	-7.299	-4.241
Forskning- och utvecklingskostnader		-105.908	-98.081
Avskrivning på materiella och immateriella tillgångar	4	-1.382	-1.594
Övriga rörelseintäkter	5	5.533	177.345
Övriga rörelsekostnader		-4.258	-7.655
Rörelseresultat	6, 7	5.020	134.308
Resultat från andelar i koncernföretag		5.269	17.216
Ränteintäkter	8	67.646	86.899
Räntekostnader	9	-24.003	-45.649
Övriga finansiella poster, netto	10	-11.198	11.552
Resultat efter finansiella poster		42.734	204.545
Upplösning av överavskrivningar	11	0	-79
Koncernbidrag	11	3.366	1.600
Resultat före skatt (efter bokslutsdispositioner)		46.100	206.066
Skatt på årets resultat	12	380	87
Årets resultat		46.480	206.153

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Balansräkning

Tillgångar	Not	31/12/2021	31/12/2020
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Aktiverade utvecklingskostnader		11.789	0
		11.789	0
Materiella anläggningstillgångar	13		
Maskiner, verktyg och andra tekninska anläggningar		123	222
Övriga inventarier och installationer		4.920	4.190
		5.043	4.412
Finansiella anläggningstillgångar			
Andelar i koncernföretag	14	61.832	61.834
Långfristiga värdepappersinnehav	15	7.847	6.001
Uppskjuten skattefordran	16	1.617	1.236
Fordringar hos koncernföretag		779.014	711.740
		850.310	780.811
Summa anläggningstillgångar		867.141	785.223
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		1.601	676
Fordringar hos koncernföretag		53.718	201.921
Skattefordringar		903	870
Övriga fordringar		4.173	3.011
Förutbetalda kostnader och upplupna intäkter	17	2.070	2.743
		62.465	209.221
Kassa och bank		879	5.519
Summa omsättningstillgångar		63.343	214.740
Summa tillgångar		930.485	999.963

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Balansräkning

Eget kapital och skulder	Not	31/12/2021	31/12/2020
Eget kapital			
Bundet eget kapital			
Aktiekapital		37.718	37.718
Reservfond		267.080	267.080
Fond för utvecklingskostnader		11.789	0
		316.587	304.798
Fritt eget kapital			
Balanserad vinst eller förlust		602.185	407.820
Årets resultat		46.480	206.153
Fusionsdifferens	18	-465.373	-465.373
		183.291	148.600
Summa eget kapital		499.878	453.398
Obeskattade reserver	19	508	508
Avsättningar			
Avsättning för pensioner och liknande förpliktelser	20	9.751	7.458
Långfristiga skulder			
Skulder till koncernföretag		359.062	235.262
Kortfristiga skulder			
Leverantörskulder		3.715	13.116
Skulder till koncernföretag		37.748	268.053
Övriga skulder		1.310	4.037
Upplupna kostnader och förutbetalda intäkter	21	18.512	18.131
		61.285	303.338
Summa skulder		430.098	546.057
Summa eget kapital och skulder		930.485	999.963

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Rapport över förändringar i eget kapital

	Bundet eget kapital		Fritt eget kapital			
	Aktiekapital	Reservfond	Balanserad vinst	Årets resultat	Fusion diff	Summa EK
Ingående balans per 1 januari 2020	37.718	267.080	240.683	167.137		712.618
Disposition av föregående års resultat			167.137	-167.137		0
Årets resultat				206.153		206.153
Fusion					-465.373	-465.373
Utgående balans per 31 december 2020	37.718	267.080	407.820	206.153	-465.373	453.398

Aktiekapital av 3.143.182 aktier varav 2.993.182 st A-aktier med 10 röster per aktie och 150.000 st B-aktier med 1 röst per aktie. Kvotvärde är 12 kr.

	Bundet eget kapital			Fritt eget kapital			
	Aktiekapital	Reservfond	Fond för utvecklings-kostnader	Balanserad vinst	Årets resultat	Fusions-differens	Summa EK
Ingående balans per 1 januari 2021	37.718	267.080	0	407.820	206.153	-465.373	453.398
Disposition av föregående års resultat				206.153	-206.153		0
Årets resultat					46.480		46.480
Fond för utvecklingsutgifter			11.789	-11.789		0	0
Transaktioner med ägare:							0
Utdelningar							0
Summa transaktioner med aktieägare							0
Utgående balans per 31 december 2021	37.718	267.080	11.789	602.184	46.480	-465.373	499.878

Aktiekapital av 3.143.182 aktier varav 2.993.182 st A-aktier med 10 röster per aktie och 150.000 st B-aktier med 1 röst per aktie. Kvotvärde är 12 kr.

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Kassaflödesanalys

	Not	2021	2020
Den löpande verksamheten			
Rörelseresultat före finansiella poster		5.020	134.527
Planenlig avskrivning på materiella anläggningstillgångar		1.382	1.594
Övriga ej likviditetspåverkande poster	24	5.660	-462.809
Ränteintäkter		67.646	86.899
Räntekostnader och liknande resultatposter		-24.003	-45.649
Övriga finansiella poster, netto		-11.198	11.552
Skatt		347	2.371
Kassaflöde från den löpande verksamheten före förändring av rörelsekapital		**44.854**	**-271.515**
Minskning/Ökning varulager		0	174.199
Minskning/Ökning kundfordringar		-925	11.268
Minskning/Ökning övriga kortfristiga fordringar		147.714	514.327
Minskning/Ökning leverantörskulder		-9.401	-4.916
Minskning/Ökning övriga kortfristiga rörelseskulder		-232.651	-792.372
Kassaflöde från den löpande verksamheten		**-50.409**	**-369.009**
Investeringsverksamheten			
Resultat från andelar i koncernföretag		5.271	17.216
Investeringar i materiella anläggningstillgångar		-2.013	-2.535
Investeringar i immareriella anläggningstillgångar		-11.789	0
Kassaflöde från investeringsverksamheten		**-8.530**	**14.861**
Finansieringsverksamheten			
Förändring av långfristiga fordringar		-67.274	458.931
Förändring av långfristiga skulder		127.165	-109.614
Förändring i andra långfristiga värdepappersinnehav		-1.846	-776
Förändring i uppskjuten skattefordran		-380	-87
Kassaflöde från finansieringsverksamheten		**54.299**	**348.456**
Årets kassaflöde		**-4.640**	**-5.872**
Likvida medel vid årets början		**5.519**	**11.391**
Likvida medel vid årets slut		**879**	**5.519**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänt

Årsredovisningen har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 (K3-reglerna). Oförändrad sedan föregående år.

Utländsk valuta

Fordringar och skulder i utländsk valuta värderas till balansdagens kurs. Transaktioner i utländsk valuta omräknas enligt transaktionsdagens kurs.

Intäkter

Försäljningsintäkter för produkter och tjänster redovisas vid leveranstillfället i enlighet med leveransvillkoren. Med nettoomsättning avses försäljningsvärdet med avdrag för särskilda varuskatter, returer och rabatter.

Ersättningar till anställda

Kortfristiga ersättningar till anställda utgörs av lön, sociala avgifter, betald semester, betald sjukfrånvaro, sjukvård och bonus. Kortfristiga ersättningar redovisas som en kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning.

Bolagets pensionsplaner för ersättning efter avslutad anställning omfattar avgiftsbestämda pensionsplaner vilket innebär att företaget betalar fastställda avgifter till en separat juridisk enhet. När avgiften är betalad har företaget inga ytterligare förpliktelser och kostnaden redovisas i takt med att pensionen tjänas in. Bolaget har finansierat pensionsplan i egen regi tills år 2009. Från och med 2010 har pensionsskulden blivit inlöst genom successiv inlösen till Alecta. Sista betalning gjordes november 2014.

Ersättningar vid uppsägning utgår då bolaget beslutar att avsluta en anställning före den normala tidpunkten för anställningens upphörande eller då en anställd accepterar ett erbjudande om frivillig avgång i utbyte mot sådan ersättning. Om ersättningen inte ger företaget någon framtida ekonomisk fördel redovisas en skuld och en kostnad när företaget har en legal eller informell förpliktelse att lämna sådan ersättning. Ersättningen värderas till den bästa uppskattningen av den ersättning som skulle krävas för att reglera förpliktelsen på balansdagen.

Bokslutsdispositioner

Förändringar av obeskattade reserver redovisas som bokslutsdispositioner i resultaträkningen.
Koncernbidrag redovisas som bokslutsdispositioner i resultaträkningen och som en ökning eller minskning av koncernlån i balansräkningen.

Inkomstskatter

Redovisade inkomstskatter innefattar skatt som skall betalas eller erhållas avseende aktuellt år, justeringar avseende tidigare års aktuella skatter samt förändringar i uppskjuten skatt.

I balansräkningen redovisas beräknad skuld till skattemyndigheten bland kortfristiga skulder.

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Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den utsträckning det är sannolikt att avdraget kan avräknas mot överskott vid framtida beskattning.

Fordringar

Fordringar upptas till det belopp som efter individuell prövning beräknas bli betalt.

Anläggningstillgångar

Materiella & Immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med avskrivningar. Dessa sker linjärt enligt plan över den bedömda ekonomiska livslängden utan beaktande av eventuella restvärden.

Följande avskrivningstider har tillämpats:

Maskiner och andra tekniska anläggningar	5-10 år
Produktverktyg	3 resp 6 år
Inventarier	5-10 år
Datautrustning	3-5 år
Aktiverade utvecklingskostnader	3 år

Utgifter för reparationer och underhåll kostnadsförs löpande. Räntekostnader under installation aktiveras inte.

Aktier och andelar i dotterföretag

Aktier och andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott och koncernbidrag läggs till anskaffningsvärdet när de lämnas. Utdelning från dotterföretag redovisas som intäkt.

Leasingavtal

Företagets samtliga avtal har bedömts vara operationella. Operationella leasingavtal redovisas i resultaträkningen som rörelsekostnad. De operationella leasingavtalen är främst hyresavtal för de lokaler som företaget hyr av Castellum Fastigheter i Jönköping AB. Därutöver finns ett antal leasingavtal för utrustning. Se i övrigt not 7.

Avsättningar

Avsättningar redovisas när företaget har ett formellt eller informellt åtagande som är en följd av en inträffad händelse och det är troligt att ett utflöde av resurser krävs för att reglera åtagandet och en tillförlitlig uppskattning av beloppet kan göras.

Eget kapital

Eget kapital delas in i bundet och fritt kapital, i enlighet med årsredovisningslagens indelning.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.
Som likvida medel klassificerar företaget, förutom kassamedel, disponibla tillgodohavanden hos banker och andra kreditinstitut samt kortfristiga likvida placeringar som är noterade på en marknadsplats och har en kortare löptid än tre månader från anskaffningstidpunkten. Spärrade medel klassificeras inte som likvida medel. Förändringar i spärrade medel redovisas i investeringsverksamheten.

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Koncernredovisning

Med stöd av ÅRL 7 kap. 2§ upprättas ingen särskild koncernredovisning för denna underkoncern, utan koncernredovisningen ingår i den koncernredovisning som upprättats av det slutliga ägarbolaget SVP Holdings Ltd (10 Queen Street, HM 11, Hamilton Bermuda – org. nr. 35659). Koncernredovisningen skickas även till Bolagsverket.

Not 2 Uppskattningar och bedömningar

Uppskattningar och bedömningar utvärderas löpande och baseras på historisk erfarenhet och andra faktorer, inklusive förväntningar på framtida händelser som anses rimliga under rådande förhållanden.

Not 3 Revisionsarvode

	2021	2020
Revisionsuppdraget EY	-395	0
Revisionsuppdraget Grant Thornton	0	-313
Summa	-395	-313

Not 4 Avskrivningar enligt plan

	2021	2020
Materiella anläggningstillgångar	-1.382	-1.594
Summa	-1.382	-1.594

Not 5 Övriga rörelseintäkter

	2021	2020
Management fees	0	177.345
Övrigt	5.533	0
Summa	5.533	177.345

Management fee redovisas i år som nettoomsättning då det är bolagets primära intäkter. Föregående år var det sekundär intäkt och redvisades därför som övriga röreseintäkter.

Not 6 Löner, sociala avgifter samt medelantal

	2021	2020
<u>Lönekostnader</u>		
Löner och andra ersättningar	-56.770	-44.872
Sociala kostnader inklusive pension	-22.922	-17.332
Summa	-79.693	-62.204

Pensionsdelen av sociala kostnader uppgick till 8 441 kkr (5 993 kkr), varav till VD 0 kkr (0 kkr)

<u>Lönefördelning</u>		
Styrelsen och verkställande direktören	0	-2
Övriga anställda	-56.770	-44.870
Summa	-56.770	-44.872

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Lön till VD redovisas i annat företag i koncernen. Endast ersättning till arbetstagarrepresentanter redovisas i VSM Group AB. Under året har 0 kr (3.000 kr) utgått i inläsningsarvode till arbetstagarrepresentater i styrelsen. Övriga styrelseledamöter har inte erhållit något arvode.

Medelantal anställda mm

	2021		2020	
	Antal anställda	varav män	Antal anställda	varav män
	88	57	72	49

Styrelseledamöter och andra ledandebefattningshavare

	Antal på balansdagen	varav män	Antal på balansdagen	varav män
Styrelseledamöter	6	4	6	4

Not 7 Operationella leasingavtal

Framtida betalningsåtaganden per 2021-12-31 för ej uppsägningsbara leasingavtal fördelar sig enligt följande:

	2021	2020
Leasingkostnader avseende hyra	-3.107	-2.479
Framtida minimileaseavgifter som kommer att erhållas avseende icke uppsägningsbara leasingavtal	-29.394	-32.754
Förefaller till betalning inom ett år	-3.360	-3.360
Förefaller till betalning senare än ett år men inom fem år	-13.440	-13.440
Förefaller till betalning senare än fem år	-12.594	-15.954

Not 8 Ränteintäkter

	2021	2020
Ränteintäkter	0	10
Ränteintäkter avseende koncernföretag	67.646	86.889
Summa	67.646	86.899

Not 9 Räntekostnader

	2021	2020
Räntekostnader	-98	-29
Räntekostnader avseende koncernföretag	-23.905	-45.620
Summa	-24.003	-45.649

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Not 10 Övriga finansiella poster, netto

	2021	2020
Övriga kursdifferenser i utländsk valuta	-11.198	11.552
Summa	-11.198	11.552

Not 11 Bokslutsdispositioner

	2021	2020
Upplösning av överavskrivningar/avskrivningar utöver plan på materiella anläggningstillgångar	0	-79
Koncernbidrag	3.366	1.600
Summa	3.366	1.521

Not 12 Aktuell skatt

	2021	2020
Uppskjuten skatteintäkt	380	87
Summa	380	87

Skillnaden mellan redovisad skattekostnad och skattekostnad baserad på gällande skattesats	**2021**	**2020**
Redovisat resultat före skatt	46.100	206.066
Skatt enligt gällande skattesats 20,6% (21,4%)	-9.497	-44.098
Skatteeffekt på ej avdragsgilla kostnader	-80	-27
Skatteeffekt på ej skattepliktiga intäkter	534	3.812
Fusionerade skattemässiga underskott	0	148.323
Skatteeffekt till följd av utnyttjat underskottsavdrag	9.042	-108.010
Summa	0	0

Bolaget har beslutat att inte boka någon uppskjuten skatt på skattemässigt underskott.

Not 13 Materiella anläggningstillgångar

	2021	2020
Maskiner, verktyg och andra anläggningar för produktionen		
Ingående ackumulerade anskaffningsvärden	22.327	22.327
Utrangeringar och försäljningar	-4.652	0
Utgående ackumulerade anskaffningsvärden	17.675	22.327

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Ingående ackumulerade avskrivningar	22.105	21.596
Årets avskrivningar	99	509
Utrangeringar och försäljningar	-4.652	0
Utgående ackumulerade avskrivningar	17.552	22.105
Utgående planenligt restvärde	123	222

Övriga inventarier och installationer

Ingående ackumulerade anskaffningsvärden	24.848	22.313
Årets inköp	2.013	2.535
Utrangeringar och försäljningar	-11.706	0
Utgående ackumulerade anskaffningsvärden	15.155	24.848
Ingående ackumulerade avskrivningar	20.658	19.573
Årets avskrivningar	1.283	1.085
Utrangeringar och försäljningar	-11.706	0
Utgående ackumulerade avskrivningar	10.235	20.658
Utgående planenligt restvärde	4.920	4.190

Not 14 Aktier och andelar i koncernföretag

Namn/Säte	**Organisations-nummer**	**Bokfört värde 2021**	**2000**	**Kapital- och rösträtts-andel**
VSM Norge A/S, Oslo	912862917	17.807	17.807	100
VSM Finland OY, Tampere	1085015-6	161	161	100
VSM (UK) Limited, Worcestershire	3305994	0	0	100
VSM Nederland BV, Amersfoort	NL805953693L01	0	2	100
VSM Deutschland, Karlsruhe	109398	40.249	40.249	100
VSM Australia Pty Ltd, Gosford	59077948479	3.468	3.468	100
VSM Austria GesmbH, Salzburg	FN41142 d	0	0	100
VSM Switzerland GmbH, Frick	CH 400.4.021.413-3	47	47	100
VSM Sverige AB, Jönköping	556621-2592	100	100	100
Summa		61.832	61.834	

Not 15 Långfristiga värdepappersinnehav

	2021	**2020**
Ingående ackumulerade anskaffningsvärden	6.001	5.225
Upp-/nedskrivningar	1.846	776
Utgående ackumulerade anskaffningsvärden	7.846	6.001
Utgående redovisat värde	7.846	6.001

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Not 16 Uppskjuten skattefordran

	2021	2020
Belopp vid årets ingång	1.236	1.150
Upp-/nedskrivningar	381	86
Belopp vid årets utgång	1.617	1.236

Not 17 Förutbetalda kostnader och upplupna intäkter

	2021	2020
Förutbetald hyra	879	752
Förutbetalda licenser	1.081	1.885
Övriga förutbetalda kostnader	110	106
Summa	2.070	2.743

Not 18 Uppgift om fusioner

Följande koncernföretag har fusionerats med VSM Group AB under verksamhetsåret 2020.

Företagets namn	Org.nr	Fusionsdag
VSM Group Holding AB	556619-6712	2020-01-03
KVSM Sweden AB	556697-5453	2020-01-03

Överföring av räkenskaperna har skett per 2020-01-03. Tillgångar och skulder har intagits i det övertagande företaget till sina koncernmässiga värden.

Sammandragen balansräkning samt uppgift om rörelseresultat för respektive bolag före fusionen presenteras nedan (kkr).

VSM Group Holding AB

Fordringar hos koncernföretag	962.121	Bundet eget kapital	650.000
		Fritt eget kapital	-1.000.910
		Skulder till koncernföretag	1.313.006
		Upplupna kostnader	25
Summa tillgångar	**962.121**	**Summa eget kapital och skulder**	**962.121**

Nettoeffekt av fusionen på VSM Groups resultat är en förlust på 350.910 kkr som redovisas under "Fusionsdifferens" inom " Fritt eget kapital".

KVSM Sweden AB

Fordringar hos koncernföretag	87.488	Bundet eget kapital	100
		Fritt eget kapital	-114.563
		Skulder till koncernföretag	201.926
		Upplupna kostnader	25
Summa tillgångar	**87.488**	**Summa eget kapital och skulder**	**87.488**

Nettoeffekt av fusionen på VSM Groups resultat är en förlust på 114.463 kkr som redovisas under "Fusionsdifferens" inom " Fritt eget kapital".

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Not 19 Obeskattade reserver

	2021	2020
Ack avskrivningar utöver plan på materiella anläggningstillgångar	508	508
Summa	508	508

Not 20 Avsättningar för pensioner

	2021	2020
Ingående avsättning	7.458	6.493
Arets avsättning	2.293	965
Belopp vid årets utgång	9.751	7.458

Not 21 Upplupna kostnader och förutbetalda intäkter

	2021	2020
Semesterskuld	4.873	4.183
Sociala avgifter	5.591	6.799
Övriga personalrelaterade kostnader	1.441	1.039
Övriga upplupna kostnader	6.608	6.110
Summa	18.512	18.131

Not 22 Ställda säkerheter

Företaget har inga ställda säkerheter under 2021 eller 2020

Not 23 Eventualförpliktelser

	2021	2020
Övriga eventualförpliktelser	163	163
Summa	163	163

Not 24 Övriga ej likviditetspåverkande poster

	2021	2020
Förändring av avsättningar för pensioner och liknande förpliktelser	2.294	964
Koncernbidrag	3.366	1.600
Fusionsdifferens	0	-465.373
Summa	5.660	-462.809

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Not 25 Förslag till vinstdisposition

	2021
Till årsstämmans förfogande står följande vinstmedel:	
Balanserad vinst	602.184
Årets resultat	46.480
Summa	648.664

Not 26 Händelser efter balansdagen

Den globala pandemin är inte över än, men vaccinationer har hjälpt till att återskapa vardagslivet. Återgången till det normala försenades av delta och omikrion varianterna av COVID-19. Den ekonomiska återhämtningen fortsätter under 2022.

Under första kvartalet 2022 skedde ett betydande fall i efterfrågan på symaskiner, främst beroende på ökade försäljningspriser orsakat av ökning av både import och produktions-kostnader. Dessutom har kriget i Ukraina och den betydande råvarukosynaden förorsakat en generell nedgång i efterfrågan.

Under första kvartalet lanserades premium symamaskinen ICON2 och fick ett fantastisk mottagande på marknaden.

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Jönköping den 28 juni 2022

Mirko Mori
Verkställande Direktör

Fredrik Tumegård
Ordförande

Mikael Mårtensson
Arbetstagarledamot, PTK

Beverly Sharpe
Styrelseledamot

Barbara Brindzik
Arbetstagarledamot, PTK

Dean Brindle
Styrelseledamot

Vår revisionsberättelse har lämnats den 29 juni 2022
Ernst & Young AB

Carolina Birch
Auktoriserad revisor

Fotokopians överensstämmelse
med originalet intygas:

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Building a better working world

Revisionsberättelse

Till bolagsstämman i VSM Group AB, org.nr 556538-8666

Rapport om årsredovisningen

Uttalanden

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

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av VSM Group ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde 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 VSM Group 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.

Övriga upplysningar

Revisionen av årsredovisningen för år 2020-01-01 - 2020-12-31 har utförts av en annan revisor som lämnat en revisionsberättelse daterad 24 juni 2021 med omodifierade uttalanden i *Rapport om årsredovisningen*.

Styrelsens och verkställande direktörens ansvar

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

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

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

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

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

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

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

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

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

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till VSM Group 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 och verkställande direktörens 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. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas 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 eller verkställande direktören i något väsentligt avseende:

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

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

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

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

Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2021 på sidorna 5-7 och för att den är upprättad i enlighet med årsredovisningslagen.

Vår granskning har skett enligt FAR:s rekommendation RevR 12 Revisorns yttrande om den lagstadgade hållbarhetsrapporten. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

En hållbarhetsrapport har upprättats.

Jönköping den 29 juni 2022

Ernst & Young AB

Carolina Birch
Auktoriserad revisor

Fotokopians överensstämmelse med originalet intygas:

A member firm of Ernst & Young Global Limited

202210130512

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessor")

Consolidated Financial Statements
December 31, 2021 and 2020

202210130512 3

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessor")

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20221013051126

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessor")
Consolidated Balance Sheets

(In thousands, except share data)

	Successor December 31, 2021	Predecessor December 31, 2020
Assets		
Current assets		
Cash, cash equivalents and restricted cash	$ 12,592	$ 17,161
Accounts receivable (net of allowance for doubtful accounts of $2,350 and $3,477 respectively)	100,236	97,831
Inventories, net	92,872	65,338
Income taxes receivable	4,743	-
Prepaids and other current assets	6,764	15,677
Total current assets	217,207	196,007
Property, plant and equipment, net	28,922	13,945
Goodwill, net	188,323	34,111
Other intangible assets, net	171,952	105,307
Deferred tax assets	11,658	19,069
Other assets	22,842	6,339
Total assets	$ 640,904	$ 374,778
Liabilities and Shareholders' Deficit		
Current liabilities		
Notes and loans payable	$ 28,146	$ 26,220
Accounts payable	50,998	65,528
Income taxes payable	5,972	4,723
Accrued salaries, wages, and employee benefits	13,707	14,630
Accrued liabilities - other	44,406	37,197
Current portion of restructuring costs	342	457
Current portion of long-term debt	3,845	741
Total current liabilities	147,416	149,496
Long-term debt, net of discount and current portion	338,180	235,465
Deferred tax liabilities	7,308	1,240
Other non-current liabilities	20,316	16,631
Total liabilities	513,220	402,832
Commitments and contingencies (Notes 14 and 15)		
Shareholders' equity (deficit)		
Common shares, $0.01 and $0.0000001 par value; 1,000 and 10,000,000 shares authorized, issued and outstanding, respectively	-	-
Additional paid-in capital	162,632	22,872
Accumulated deficit	(20,909)	(66,330)
Accumulated other comprehensive (loss) income	(14,039)	15,404
Total shareholders' equity (deficit)	127,684	(28,054)
Total liabilities and shareholders' equity (deficit)	$ 640,904	$ 374,778

The accompanying notes are an integral part of these consolidated financial statements.

20221013051127

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessor")
Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Revenues, net	$ 236,138	$ 317,052	$ 506,252
Cost of revenues	156,506	185,265	302,320
Gross profit	79,632	131,787	203,932
Selling and administrative expenses	86,721	109,973	143,982
Interest expense, net	14,330	15,267	29,205
Exchange (gain) loss, net	(5,179)	(3,883)	18,281
Other loss (income) , net	211	(15,246)	549
(Loss) income before provision for income taxes	(16,451)	25,676	11,915
Provision for income taxes	4,458	13,765	20,905
Net (loss) income	(20,909)	11,911	(8,990)
Other comprehensive (loss) income:			
Foreign currency translation adjustment	(14,039)	(7,592)	12,089
Other adjustment	-	(11)	40
Other comprehensive (loss) income	(14,039)	(7,603)	12,129
Comprehensive (loss) income	$ (34,948)	$ 4,308	$ 3,139

The accompanying notes are an integral part of these consolidated financial statements.

20221013051128

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessc
Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(In thousands, except share data)

	Common Shares		Additional Paid-in	Accumulated	Accumulated Other Comprehensive Income (Loss)	Accumulated Other Comprehensive
	Shares	Amount	Capital	Deficit	Foreign Currency Translation Adj.	Income (Loss) Other Adj.
Predecessor						
Balance, December 31, 2019	10,000,000	$ -	$ 22,872	$ (57,340)	$ 3,227	$ 48
Net (loss) income	-	-	-	(8,990)	-	-
Foreign currency translation adjustment	-	-	-	-	12,089	-
Pension liability adjustment during the year	-	-	-	-	-	40
Balance, December 31, 2020	10,000,000	$ -	$ 22,872	$ (66,330)	$ 15,316	$ 88
Net income (loss)	-	-	-	11,911	-	-
Cash dividends	-	-	-	(12,500)	-	-
Foreign currency translation adjustment	-	-	-	-	(7,592)	-
Other adjustment	-	-	-	-	-	(11
Balance, July 30, 2021	10,000,000	$ -	$ 22,872	$ (66,919)	$ 7,724	$ 77
Successor						
Balance, July 31, 2021	1,000	$ -	$ 162,632	$ -	$ -	$ -
Net (loss) income	-	-	-	(20,909)	-	-
Foreign currency translation adjustment	-	-	-	-	(14,039)	-
Balance, December 31, 2021	1,000	$ -	$ 162,632	$ (20,909)	$ (14,039)	$ -

The accompanying notes are an integral part of these consolidated financial statements.

20221013051129

SVP-Singer Holdings, Inc. ("Successor") and SVP-Singer Holdings LP ("Predecessor")
Consolidated Statements of Cash Flows

(In thousands)

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Cash flows from operating activities			
Net (loss) income	$ (20,909)	$ 11,911	$ (8,990)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities			
Depreciation and amortization	14,273	7,176	13,273
Amortization of deferred charge	2,599	745	292
Unrealized foreign currency transactions	(3,332)	(5,966)	19,622
Provision for doubtful accounts	1,346	(347)	1,790
Deferred tax provision	(1,447)	5,407	12,054
Loss on disposal of property, plant and equipment	44	43	57
Loss on derivative financial instruments	29	1,350	483
Payment in kind interest	253	-	14,196
Other	-	52	(1,523)
Change in assets and liabilities			
Increase in accounts receivable	(5,289)	(6,916)	(18,803)
Decrease (increase) in inventories	28,884	(46,163)	6,729
Decrease (increase) in prepaids and other current assets	3,729	4,764	(5,846)
Increase in other assets	(368)	(14,317)	(719)
(Decrease) increase in accounts payable and accrued liabilities	(32,545)	58,419	2,213
(Decrease) increase in income taxes payable	(3,299)	62	2,679
(Decrease) increase in other non-current liabilities	(1,247)	2,569	787
Net cash (used in) provided by operating activities	(17,279)	18,789	38,294
Cash flows from investing activities			
Capital expenditures	(4,836)	(5,528)	(3,074)
Premium paid for derivative financial instruments	(131)	(698)	(1,398)
Proceeds from derivative financial instruments	-	-	202
Acquisition of business	(451,806)	-	-
Proceeds from sale of property, plant, and equipment	11	7	80
Net cash used in investing activities	(456,762)	(6,219)	(4,190)
Cash flows from financing activities			
Proceeds from long-term debt, net of discount	341,248	-	2,563
Payments on long-term debt	(1,339)	(424)	(17,419)
Proceeds from short-term borrowings	44,700	45,753	38,608
Payments on short-term borrowings	(29,473)	(33,485)	(54,484)
Capital contribution	117,308	-	-
Cash dividends	-	(12,500)	-
Payments related to debt issue costs	(2,800)	84	(1,698)
Net cash provided by (used in) financing activities	469,644	(572)	(32,430)
Effect of exchange rate changes on cash	(1,896)	(1,122)	2,984
Net (decrease) increase in cash and cash equivalents	(6,293)	10,876	4,658
Cash and cash equivalents			
Beginning of period	18,885	17,161	12,503
End of period	$ 12,592	$ 28,037	$ 17,161

The accompanying notes are an integral part of these consolidated financial statements.

20221013051130

(Dollars in thousands)

1. Organization and Description of Business

On May 14, 2021, Stitch Acquisition Corporation ("Acquirer") was formed. On May 25, 2021, the Acquirer entered into a Purchase and Sale Agreement (the "Purchase Agreement") with SVP-Singer Holdings LP ("Predecessor") and SVP-Singer Holdings, Inc. (the "Company" or "Successor") to purchase all stock from the Predecessor other than the Rollover Shares ("Stitch Acquisition"). On July 30, 2021 (the "Acquisition Date"), the Stitch Acquisition closed. On August 2, 2021, the Acquirer merged with the Company and the Company continued as the corporation surviving the merger. As a result, the period starting on July 31, 2021 will be presented as the Successor period. The Company is indirectly owned by certain investment vehicles advised by Platinum Equity Advisors, LLC ("Platinum"). Stitch Intermediate Holding II Corporation ("Guarantor") is the direct parent of the Company. See Note 3 for further information.

The Company is a world leading manufacturer and distributor of consumer sewing machines marketed under the SINGER®, HUSQVARNA® VIKING® and PFAFF® brands. The Company manufactures sewing machines in China and sources sewing machines from original equipment manufacturers for certain product offerings. The Company markets its products across multiple channels, including mass merchant, dealers, third-party distributors, and company-owned retail stores. The Company has also entered into royalty agreements licensing the SINGER® trademark to non-sewing licensees.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company are presented in accordance with accounting principles generally accepted in the United States of America ("U.S.") and include the accounts of the Company and its majority owned subsidiaries after elimination of intercompany transactions. The Company has elected to apply pushdown accounting to its consolidated financial statements to reflect the new basis of accounting established when the Company recorded assets acquired and the liabilities assumed at their fair value as of the Acquisition Date based on valuation studies. Accordingly, the consolidated financial statements of the Company for the periods before and after the Acquisition Date reflect a different basis of accounting and the financial positions and results of operations for those periods are not comparable. As a result, the consolidated financial statements and the notes to those financial statements are separated into two distinct periods; the periods prior to the Acquisition Date are identified as "Predecessor," and the period from after the Acquisition Date to fiscal year end is identified as "Successor". The results are further separated by a black line to indicate the effective date of the new basis of accounting. The new basis of accounting for the assets and liabilities that existed on the Acquisition Date will be used in the preparation of our future financial statements and footnotes.

20221013051131

(Dollars in thousands)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Significant estimates include fair values used for intangible asset impairment tests, warranty liability, post-employment benefits, stock-based compensation, receivable and inventory provisions, product returns, lives of long-lived assets, and income taxes. The Company believes the techniques and assumptions used in establishing estimates related to these reported amounts are appropriate. Actual results may differ from these estimates.

Concentration of Credit Risk
The Company sells products to customers in diversified industries and geographic regions (approximately 36% of revenues are generated in various states within the U.S and approximately 34% in various European countries) and, therefore, has no significant concentrations of credit risk. The Company continuously evaluates the creditworthiness of its customers and generally does not require collateral.

The Company places its cash and cash equivalents with major financial institutions. At certain times, such amounts may exceed the federally insured limits. The Company partially mitigates this risk by maintaining cash and cash equivalents at financial institutions with high credit ratings.

For derivative financial instruments, collateral is not generally required of the counterparties or of the Company. The Company does not anticipate non-performance by any of the counterparties, and exposure to credit loss in the event of non-performance is limited to only those gains recorded for which cash payment has not yet been received.

Cash and Cash Equivalents
Cash and cash equivalents consist of highly liquid unrestricted investments with maturities of three months or less when purchased.

Derivative Financial Instruments
The Company's earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange rates and interest rates. The Company's policy allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate and interest rate exposure, and the policy specifies that derivatives are not to be used for speculative purposes. Derivatives that have been used are foreign currency option contracts and interest rate collars. Such derivative activities are subject to the management, direction, and control of the Company's financial officers. All derivatives are recognized in the Consolidated Balance Sheets at their fair value. On the date the derivative contract is initiated, the derivative is either (1) designated as a hedge of a forecasted transaction or the variability of cash flow to be paid ("cash flow" hedge) or (2) undesignated. Changes in the fair value of a derivative that is qualified, designated, and highly effective as a cash flow hedge are recorded in other comprehensive income (loss) until earnings are affected by the forecasted transaction or the variability of cash flow, and are then reported in current earnings (in the same line item as the gain or loss on the item hedged). Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in current earnings (in the same line item as the gain or loss on the item hedged). Upon the maturity or sale of an undesignated contract, the cost is included in current earnings (in the same line item as the gain or loss on the item hedged).

20221013051132

(Dollars in thousands)

Accounts Receivable
Accounts receivable are recorded based on the Company's revenue recognition policy. The Company records an allowance for doubtful accounts to reflect management's best estimate of losses inherent in its account receivable as of the balance sheet date. The Company evaluates its ability to collect 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 and historical collection experience. The Company considers an account past due if due and unpaid for more than 90 days. If circumstances related to specific customers change, the Company's estimates of the recoverability of receivables could be further adjusted. Uncollectible receivable balances are written off against the allowance for doubtful accounts when the Company determines that it is probable the receivable balance is uncollectible. Subsequent recoveries, if any, are credited to the allowance when received. The Company enters into factoring arrangements from time to time. When the transaction meets the criteria in ASC 860 for sale treatment, the receivables are removed from the balance sheet. When these criteria are not met, the Company records the proceeds from the transfer of the receivables as a secured borrowing. The Company entered into a receivables purchase agreement with a financial institution for $10,981, $13,176, and $7,180 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively. The gross amount of receivables that would have been on the balance sheet had they not been sold is $5,735 and $3,057 at December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively. The Company recorded an immaterial expense for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively, related to the sales of the assets and it is reflected in "Interest expense, net" in the Consolidated Statements of Comprehensive Income (Loss).

Inventories
Most inventories are stated at the lower of cost or net realizable value using the weighted-average cost method. The remaining inventories are stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. The Company periodically assesses its inventories for potential excess, slow movement and obsolescence and adjusts inventory values accordingly.

Property, Plant, and Equipment
Property, plant, and equipment (including improvements which significantly extend useful lives) are recorded at cost. Depreciation is recorded using the straight-line method over the economic useful life of the related asset, which ranges from 10 years for buildings and 2-24 years for machinery and equipment. Amortization of leasehold improvements is computed on the straight-line method over the lesser of the lease term or the estimated useful life of the improvement. Such depreciation and amortization is included in either "Cost of revenues" (if related to manufacturing) or in "Selling and administrative expenses" in the Consolidated Statements of Comprehensive Income (Loss). Gain (loss) on sale of property, plant, and equipment represents the difference between the proceeds from sale and the carrying amount on the books at date of sale and is included in "Selling and administrative expenses" in the Consolidated Statements of Comprehensive Income (Loss).

20221013051133

(Dollars in thousands)

Deferred Financing Costs and Discounts
Deferred financing costs and original issue discounts are amortized to interest expense using the effective interest method over the term of the related debt, except for the costs allocated to the revolver which are amortized to interest expense using a straight-line basis over the term of the revolver.

There were $709 of financing costs for the ABL revolver that were deferred relating to the Stitch Acquisition. There were $1,867 of financing costs for the ABL revolver that were deferred relating to the November 12, 2020 Loan, Security and Guarantee Agreement ("Predecessor Agreement") and $1,250 of financing costs for the revolver that were deferred relating to the March 16, 2018 Restructuring Agreement and the Amended and Restated Credit Agreement ("Agreement"). These deferred costs were $2,126 and $2,208 as of December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively, and were included in "Other assets" in the Consolidated Balance Sheets. Amortization expense was $196, $763 and $292 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively.

The Successor deferred $30,606 of financing costs and original issue discounts relating to the Stitch Acquisition for the Term Loan. These deferred costs were $28,187 as of December 31, 2021 ("Successor") and were included in "Long-term debt, net of discounts and current portion" in the Consolidated Balance Sheets. Amortization expense was $2,419 for the period from July 31, 2021 through December 31, 2021 ("Successor"). There were no deferred financing costs related to the Predecessor Term Loan.

Goodwill and Other Intangible Assets
The Company classifies intangible assets as definite-lived and indefinite-lived intangible assets. Definite-lived intangibles include VSM technology and design patents, lease intangibles, and a land use right in China. The Company's indefinite-lived intangible assets are primarily comprised of SINGER®, VIKING®, and PFAFF® trademarks. The VSM technology and design patents have useful lives ranging from 7.0 years to 10 years for the Successor period. Lease intangibles and the land use rights have useful lives ranging approximately up to 8 years and 15.5 years, respectively, for the Successor period. The VSM technology and design patents have useful lives ranging from 7.5 years to 11.5 years for the Predecessor periods. Lease intangibles and the land use rights have useful lives ranging approximately up to 2.5 years and 19.5 years, respectively, for the Predecessor periods. The Company has determined the lives of the aforementioned trademarks to be indefinite. Trademarks are evaluated for impairment using the relief from royalty method. The Company is required to perform annual tests of its non-amortizable intangible assets for impairment or other than annual tests whenever events or circumstances indicate impairment may exist.

In accordance with Financial Accounting Standards Board's ("FASB") Accounting Standards Update (ASU) No. 2014-02, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill*, goodwill is being amortized on a straight-line basis over 10 years. The Company has elected to group customer intangibles with goodwill. No annual impairment evaluation is necessary unless a triggering event has occurred to warrant the need to assess qualitative factors based on the relevant facts and circumstances. If a triggering event does occur, the Company utilizes a discounted cash flow and a market approach for its goodwill impairment review at the entity-wide level. There were no triggering events for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor").

20221013051134

(Dollars in thousands)

Impairment of Long-Lived Assets
Long-lived assets and certain finite-lived intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Triggering events include a significant change in the extent or manner in which long-lived assets are being used or in their physical condition, legal factors, management's decisions regarding the use of the asset, or changes in the business climate that could affect the value of the long-lived assets. Upon the occurrence of a triggering event, the carrying amount of a long-lived asset is reviewed to assess whether the recoverable amount has declined below its carrying amount. The recoverable amount is based on the estimated net undiscounted future cash flows that the Company expects to recover from the asset. In situations where the recoverable amount of the long-lived asset is less than the carrying value, an impairment loss, based on discounted cash flows from the future use of the asset, is recognized. No triggering events occurred for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor").

Credit and Economic Risk
The Company's sources of liquidity have been and are expected to be cash from operating activities, available cash balances and the revolving line of credit. The majority of the Company's sales are made to individual customers on a cash basis, through the use of credit cards, or to creditworthy retailers. Recently, the capital and credit markets, consumer purchasing patterns, and the overall economy have experienced increasing volatility, which is expected to continue in the near future. The condition of the capital and credit markets could result in additional costs to the Company with respect to borrowings. In addition, the Company's operating cash flows might be adversely affected by adverse consequences to the Company's customers and the markets in which the Company competes.

Revenues
The Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606) as amended,* ("ASC Topic 606"), using the modified retrospective method. The Company elected to apply certain of the permitted practical expedients within the revenue recognition guidance and make certain accounting policy elections, including those related to presenting sales tax on a net basis, shipping and handling activities and recognizing incremental costs to obtain a contract when incurred.

Revenues from sales, net of estimated returns, discounts and allowances, are recognized when products are shipped (when title transfers and the risks and rewards of ownership have passed) to customers, in accordance with the five-step model required by ASC Topic 606.

The Company accounts for a contract or purchase order when it has approval by the customer and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company exercises judgment to estimate the most likely amount of variable consideration at each reporting date.

For goods transferred at a point in time, revenue is recognized when control of the product passes to the customer, which is upon shipment, unless otherwise specified within the customer contract or on the purchase order and is recognized at the amount that reflects the consideration the Company

20221013051135

(Dollars in thousands)

expects to receive for the products sold, including various forms of discounts. When revenue is recorded, estimates of returns and other discounts are made and recorded as a reduction of revenue.

For services transferred over time, revenue is recognized over the period of the contract or fiscal year covered. Royalty and license income (paid by third parties for the right to use the SINGER® and PFAFF® names for certain products, services, and locations, in selected markets) are also included in revenues and totaled $3,247, $5,775, $8,629 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively. The Company also sells 1 to 3 year service maintenance agreements (SMA) separately for a contract price and the Company accounts for this as a service type warranty with a distinct service and performance obligation under ASC Topic 606. The Company then recognizes revenue allocated to the SMA over the period the service is provided because the customer will likely receive and consume the benefits of the warranty as the Company performs the services.

The Company offers certain sales incentives to its customers and dealers. Net revenues were reduced by sales incentives of $1,031, $1,018 and $2,543 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively. The sales incentives relate to a special program offered to retail customers and dealers that allows for terms on goods purchased for 24 to 72 months as well as reduced pricing on purchases if certain sales levels are obtained.

As of December 31, 2021 ("Successor") and 2020 ("Predecessor"), the balance of the refund liability is $3,754 and $3,774 respectively, and they are presented within "Accrued liabilities – other", respectively, on the Consolidated Balance Sheets.

In addition, the Company recorded certain consideration paid to customers in "Revenues, net" within the Consolidated Statements of Comprehensive Income (Loss) of $1,623, $1,126, and $1,770, for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively.

The following table represents external net revenues by the timing of revenue recognition:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Goods transferred at a point in time	$ 232,060	$ 310,247	$ 496,062
Services transferred over time	4,078	6,805	10,190
Revenues, net	$ 236,138	$ 317,052	$ 506,252

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(Dollars in thousands)

Product Warranties
In the normal course of business, the Company offers warranties for a variety of its products. The specific terms and conditions of the warranties vary depending upon the specific product and markets in which the products were sold. The Company accrues for the estimated cost of product warranty at the time of sale based on applying historical claim rate experience to product sales. Historical claim rates are developed using a rolling average of actual warranty payments. Warranty payments may differ from those estimated if actual claim rates are higher or lower than the Company's historical rates.

Advertising Costs
The Company expenses advertising costs as incurred. Advertising expense was $3,113, $3,748 and $5,428, for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively.

Research and Development Costs
The Company expenses research and development costs as incurred. Research and development costs, for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), were $5,337, $11,197 and $15,440 respectively. Research and development costs include salaries, benefits, building and occupancy costs, allocations of corporate costs and administrative expenses.

Freight Costs
Freight billed to customers is included in "Revenues, net". The Company accounts for outbound freight costs in selling and administrative expenses. Inbound costs are capitalized into inventory or expensed as cost of revenues. For the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), outbound freight expense was $4,420, $5,620 and $10,678, respectively.

Foreign Currency
Exchange adjustments resulting from foreign currency transactions are recognized in the results of operations. Foreign currency exchange adjustments amounted to (gains) or losses of $(5,179), $(3,883), and $18,281 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), respectively, and are included in "Exchange (gain) loss, net" in the Consolidated Statements of Comprehensive Loss.

Assets and liabilities of subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at the weighted average exchange rates in effect during the year. The resulting translation adjustment is recorded as part of accumulated other comprehensive (loss) income, a separate component of shareholders' deficit. The Consolidated Statements of Cash Flows include the impact of foreign currency changes related to the Company's subsidiaries.

For non-U.S. subsidiaries that operate in U.S. dollars, certain assets and liabilities and related income statement accounts are remeasured at exchange rates in effect when the assets were acquired, the liabilities were incurred or equity contributions made. All other assets and liabilities are

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(Dollars in thousands)

remeasured at year-end exchange rates, and all other income and expense items are remeasured at weighted average exchange rates prevailing during the year. Remeasurement adjustments for these entities are included in results of operations.

Income Taxes
After the Acquisition Date and the merger of the Acquirer and the Company, with the Company continuing as the corporation surviving the merger, Stitch Intermediate Holding II Corporation ("Guarantor") became the direct parent of the Company. The Company is indirectly owned by certain investment vehicles advised by Platinum Equity Advisors, LLC ("Platinum"). Before the Acquisition Date, SVP-Singer Holdings LP ("Predecessor") was the sole owner of SVP–Singer Holdings, Inc. a US corporation which owns, directly or indirectly, the worldwide operations of the Company. In addition, certain of the Company's worldwide subsidiaries are subject to income taxes in their respective jurisdictions. Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company's estimate of the potential outcome of any uncertain tax issue is subject to management's assessment of relevant risks, facts and circumstances existing at that time. This estimate applies broadly to all tax positions taken by the Company, including decisions to not report income in a tax return or to classify a transaction as tax exempt. The prescribed approach is determined through a two-step benefit recognition model. The amount of benefit to recognize is measured as the largest amount of tax benefit that is more likely than not of being ultimately realized upon settlement. The tax position must be derecognized when it is no longer more likely than not of being sustained.

Comprehensive Income (Loss)
Comprehensive income (loss) is defined as the total change in shareholders' income (deficit) during the period other than from transactions with shareholders. For the Company, comprehensive income (loss) consists of net (loss) income and the net changes in the accumulated foreign currency translation.

Newly Issued Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* and also issued subsequent amendments to the initial guidance: ASU 2017-13, ASU 2018-10, ASU 2018-11, ASU 2018-20, ASU 2019-01, ASU 2020-02, ASU 2020-05, ASU 2021-05, ASU 2021-09 (collectively, "ASC 842"). ASC 842 outlines a comprehensive lease accounting model and supersedes the current lease guidance. The new guidance requires lessees to recognize lease liabilities and corresponding right-of-use assets for all leases with lease terms of greater than 12 months. It also changes the definition of a lease and expands the disclosure requirements of lease arrangements. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASC 842 is effective for private entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, inclusive of a one-year deferral provided by ASU 2020-05. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated balance sheet, with certain practical expedients available. The Company is in the early stages of implementation and currently believes

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(Dollars in thousands)

that the most notable impact to its financial statements will be from adopting right-of-use assets and lease liabilities for those real estate, machinery and equipment, and other leases currently accounted for as operating leases. The Company believes that the amount will be material to the Consolidated Balance Sheets.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which introduces new guidance for the accounting for credit losses on certain financial instruments. The new standard amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including accounts and notes receivable. The amendment in this ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of adopting ASU 2016-13 on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes.* Under ASU 2019-12, the accounting for income taxes is simplified by eliminating certain exceptions and implementing additional requirements which result in a more consistent application of ASC 740. The new standard will be effective for the Company for the fiscal year beginning January 1, 2022. The Company is currently in the process of evaluating the impact of adopting ASU 2019-12, but do not expect it to have a material impact on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"). This guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions, subject to meeting certain criteria that reference the London Interbank Offered Rate ("LIBOR"), or another reference rate expected to be discontinued because of reference rate reform. The amendments issued in March 2020 provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments in ASU 2020-04 are effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently in the process of evaluating the impact of adopting ASU 2019-12, but do not expect it to have a material impact on the consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40).* The new standard reduces the number of accounting models for convertible debt instruments and convertible preferred stock and amends the guidance for the derivatives scope exception for contracts in an entity's own equity. The standard also amends and makes targeted improvements to the related earnings per share guidance. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The standard allows for either modified or full retrospective transition methods. The Company is currently evaluating the effect of adopting ASU 2020-06, but do not expect it to have a material impact on its consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, *Earnings per share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Equity (Subtopic 815-40).* The new standard clarifies and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-

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(Dollars in thousands)

classified written call options (for example, warrants) that remain equity classified after modification or exchange. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The standard should be applied prospectively. The Company is currently evaluating the effect of adopting ASU 2021-04 on its consolidated financial statements.

In October 2021, the FASB issued ASU 2021-07, *Compensation-Stock Compensation (Topic 718), Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)*. The new standard allows nonpublic entities to determine the current price of an underlying share for valuing equity-classified share-based payment awards by using the reasonable application of a reasonable valuation method (e.g., a valuation performed in accordance with Section 409A of the Treasury Regulations). A share price calculated in this manner may be used for 12 months from the measurement date unless information that may materially affect the value of the nonpublic entity becomes available. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the effect of adopting ASU 2021-07 on its consolidated financial statements.

3. Acquisition

On May 25, 2021, the Acquirer entered into a Purchase Agreement with the Predecessor and the Company to purchase all stock from the Predecessor other than the Rollover Shares. On August 2, 2021, the Acquirer merged with the Company and the Company continued as the corporation surviving the merger.

The total consideration was approximately $497,111 for the Stitch Acquisition, which included $45,823 Rollover Shares and $4,744 in contingent consideration. The Predecessor has the ability to earn up to $37,500 but no more than $12,500 per period for fiscal year ending December 31, 2021 through fiscal year ending December 31, 2023 if it meets certain defined thresholds based on Adjusted EBITDA as defined in the Purchase Agreement. To finance the Stitch Acquisition, the Acquirer entered into a term loan agreement for $370,000. Upon the Acquirer merging with the Company, the Company became the legal obligor of the term loan. Details of the New Term Loan are fully discussed in Note 11 - Long-Term Debt. Transaction costs related to the Stitch Acquisition for the Successor were $5,756 and are recorded within "Selling and administrative expenses" in the Consolidated Statements of Comprehensive Income (Loss) for the period from July 31, 2021 through December 31, 2021 ("Successor"). Transaction costs related to the Stitch Acquisition for the Predecessor were $21,579 and are recorded within "Selling and administrative expenses" in the Consolidated Statements of Comprehensive Income (Loss) from January 1, 2021 through July 30, 2021 ("Predecessor").

The Stitch Acquisition has been accounted for as an acquisition under FASB ASC 805 - *Business Combinations*. In accordance with ASC 805-10-25-1, the assets acquired and liabilities assumed from Stitch Acquisition constitute a business since it consists of inputs, processes applied to those inputs that have the ability to create outputs.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the business, assembled workforce, customer related intangibles and the going concern nature of the Company. The goodwill will not be deductible for tax purposes.

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(Dollars in thousands)

The following table summarizes the allocation of Stitch Acquisition's purchase price to the estimated fair values of the assets acquired and liabilities assumed:

Cash	$ 18,809
Accounts receivable	100,284
Inventories	125,911
Prepaids and other current assets	11,033
Property, plant and equipment	27,809
Goodwill	196,730
Intangible assets:	
Trademarks	46,800
Licensing agreements	67,900
Technology patents	19,300
Land use rights	4,280
Lease intangibles	36,178
Deferred charges	1,610
Other assets	22,073
Accounts payable	98,683
Accrued liabilities	45,175
Revolver	5,642
Current and deferred tax liabilities	833
Debt from international locations	8,559
Other noncurrent liabilities	22,714
Total adjusted purchase price	$ 497,111

The above purchase price allocation is considered preliminary and assumes that the purchase price is $497,111. The Company is still in the process of finalizing the valuation estimates to determine the final purchase price allocation including the final working capital adjustments, property, plant and equipment valuations, amounts allocated to intangible assets, and recording the tax effects of the Acquisition. As a result, the Company may make material changes to the purchase price allocation as the Company finalizes the determination of the purchase price and the fair value of the assets and liabilities assumed. The Company expects to update the purchase allocation within the one-year re-measurement period as those amounts are finalized.

4. Derivative Financial instruments

Foreign currency exchange rate movements create a degree of risk by affecting the U.S. dollar value of sales made and costs incurred in foreign currencies. Movements in foreign currency rates also affect the Company's competitive position as these changes may affect business practices and/or pricing strategies of non-U.S.-based competitors. Additionally, the Company has balance sheet positions denominated in foreign currencies, thereby creating exposure to movements in exchange rates. The Company purchases, manufactures, and sells products in many locations around the world. As it has a diversified revenue and cost base due to foreign currency fluctuations, the Company manages its future foreign currency cash flow exposure on a net basis, using option contracts to manage unmatched foreign currency cash inflow and outflow. The objective is to minimize the risk of exchange rate movements that would reduce the U.S. dollar value of its foreign

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(Dollars in thousands)

cash flow. The Company hedged exposure to the variability of cash flows through various option contracts such as no cost collars. At December 31, 2021 ("Successor"), the Company is hedging exposure to the variability of cash flows through various option contracts which expire at various times through fiscal year 2022.

The Company generally does not designate any Euro option contracts as cash flow hedges at inception of the contract, even though they are economic hedges, because they do not meet the standards for hedge accounting. The actual amount recorded will vary based on exchange rates at the time the hedged transactions impact earnings. For the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), the Company recognized gains (losses) of ($29), ($1,350) and ($1,158), respectively, associated with undesignated contracts in "Cost of revenues" In the Consolidated Statements of Comprehensive Loss.

5. Inventories

Inventories are summarized as follows:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Finished goods	$ 88,824	$ 61,856
Work in progress	226	115
Raw materials and supplies	3,822	3,367
Inventories, net	$ 92,872	$ 65,338

6. Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Land	$ 1,229	$ 496
Buildings and leasehold improvements	6,211	723
Machinery and equipment	24,560	20,606
	32,000	21,825
Less: Accumulated depreciation and amortization	(3,078)	(7,880)
Property, plant and equipment, net	$ 28,922	$ 13,945

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(Dollars in thousands)

Depreciation and amortization expense related to property, plant, and equipment totaled $2,514, $1,902, and $4,313 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and the year ended December 31, 2020 ("Predecessor"), respectively.

7. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consist of the following:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Goodwill	$ 196,730	$ 47,321
Accumulated amortization	(8,407)	(13,210)
Goodwill, net	$ 188,323	$ 34,111

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Amortizable technology patents	$ 19,300	$ 27,010
Lease intangibles	36,178	7,101
Amortizable land use right	4,280	4,324
	59,758	38,435
Accumulated amortization	(2,506)	(15,758)
Amortizable intangibles, net	57,252	22,677
Non-amortizable trademarks	114,700	82,630
Other intangible assets, net	$ 171,952	$ 105,307

Estimated aggregate amortization expense, including accretion, for the years ending December 31 is as follows:

2022	$ 28,379
2023	28,589
2024	28,589
2025	28,589
2026	28,589
Thereafter	102,840
Total	$ 245,575

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(Dollars in thousands)

Amortization expense was $10,913, $4,912 and $8,962, for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and the year ended December 31, 2020 ("Predecessor"), respectively.

Changes in the carrying amount of goodwill were as follows:

Balance, December 31, 2019 ("Predecessor")	$	38,844
Amortization (included in selling and administrative expenses)		(4,733)
Balance, December 31, 2020 ("Predecessor")	$	34,111
Amortization (included in selling and administrative expenses)	$	(2,760)
Balance, July 30, 2021 ("Predecessor")	$	31,351
Balance, July 31, 2021 ("Successor")	$	196,730
Amortization (included in selling and administrative expenses)		(8,407)
Balance, December 31, 2021 ("Successor")	$	188,323

8. Restructuring Costs

The Company executed a number of initiatives related to restructuring the business during 2021 and 2020.

The components of the restructuring costs expensed were as follows:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Severance expenses	$ 342	$ 127	$ 1,065
Other restructuring costs	198	2	565
Total restructuring expenses	$ 540	$ 129	$ 1,630

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(Dollars in thousands)

The following table represents the reconciliation of beginning and ending liability balances relating to the restructuring costs:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Beginning balance	$ 145	$ 457	$ 236
Costs accrued	540	129	1,630
Cash payments	(267)	(425)	(1,320)
Change in estimate	(72)	(17)	(20)
Foreign currency translation adjustments	(4)	1	(69)
Ending balance	$ 342	$ 145	$ 457

9. Accrued Warranty

Accrued warranty is included in "Accrued liabilities – other" in the Consolidated Balance Sheets and is summarized as follows:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Beginning balance	$ 1,479	$ 1,656	$ 1,821
Costs accrued	962	988	1,693
Payments	(945)	(1,165)	(1,858)
Ending balance	$ 1,496	$ 1,479	$ 1,656

The Company also has a non-current portion of the accrued warranty liability that is not reflected in the table above of $1,526 and $1,389 at December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively which is included in "Other non-current liabilities" in the Consolidated Balance Sheets.

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(Dollars in thousands)

10. Notes and Loans Payable

Notes and loans payable considered short-term in nature consisted of the following:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
SVP Europe (2.5% and 2.5% interest rate, respectively)	$ 2,045	$ 889
Singer Shanghai (4.4% and 4.57% interest rate, respectively)	4,705	3,831
ABL Revolver (3.75% and 4.75% interest rate, respectively)	21,396	21,500
Notes and loans payable	$ 28,146	$ 26,220

SVP Europe
SVP Europe has credit agreements with several Italian financial institutions which provide overdraft, uncommitted revolver, committed revolver and recourse discount of customer invoice facilities. The length of time the Company can borrow against these facilities ranges from one to six months. These facilities are not secured.

Singer Shanghai
Shanghai Factory has a short-term bank facility with a Chinese financial institution which provides financing to meet working capital needs. At December 31, 2021, there were five tranches with various maturities throughout 2022. The loans are not secured.

ABL Revolver
On November 12, 2020, a Second Amended and Restated Credit Agreement was issued whereby, the outstanding Ares revolver balance of $40,617 on that date was converted into a term loan and combined with the Promissory Notes discussed in Note 11. On that same day, the Predecessor entered into the Predecessor Agreement with certain commercial lending institutions that included: (i) a $15 million revolving line of credit facility with Dutch lenders ("Dutch Revolver Loans") and (ii) a $55 million revolving line of credit facility with U.S. lenders ("U.S. Revolver Loans"). Concurrently with the closing of the Stitch Acquisition on July 30, 2021, the Successor amended and restated the Predecessor Agreement with certain commercial lending institutions that included: (i) a $20 million revolving line of credit facility with Dutch lenders ("Dutch Amended Revolver Loans") and (ii) a $50 million revolving line of credit facility with U.S. lenders ("U.S. Amended Revolver Loans"). The maximum amount that can be borrowed on the Dutch Amended Revolver Loans was the aggregate principal amount outstanding at any time less the aggregate amount of the Dutch letter of credit obligations. The maximum amount that can be borrowed on the U.S. Amended Revolver Loans was the aggregate principal amount outstanding at any time less the U.S. letter of credit obligations and the Swingline Loan obligations, respectively. The maximum amount under the U.S. letter of credit obligations and the Swingline Loans at any time outstanding cannot exceed $5 million and $10 million, respectively. Each borrowing of Dutch Amended Revolver Loans is funded by Dutch lenders

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(Dollars in thousands)

on a pro rata basis, and each borrowing of U.S. Amended Revolver Loans is funded by U.S. lenders on a pro rata basis.

The Dutch Amended Revolver Loans can be comprised entirely of LIBO Rate Loans, EURIBO Rate Loans, SONIA Rate Loans, European Base Rate Loans or CDOR Rate Loans. The Dutch Amended Revolver Loans bear interest at a rate per annum equal to the type of rates on the loans plus the Applicable Margin in effect as defined by the Amended and Restated Revolving Credit Agreement ("Restatement Agreement"). The Applicable Margin is determined based on the Average Availability and can range from 1.25% to 1.75% for the Dutch Amended Revolver Loans. The U.S. Amended Revolver Loans can be comprised entirely of Base Rate Loans, LIBO Rate Loans or CDOR Rate Loans. The U.S. Amended Revolver Loans bear interest at a rate per annum equal to the type of rates on the loans plus the Applicable Margin in effect. The U.S. Base Rate, including the Swingline Loans, is equal to the highest of (a) the Federal Funds Rate for such day plus 0.50%, (b) the U.S. Prime Rate for such day, or (c) LIBOR for a 30-day interest period as determined on such day plus 1.0%, provided that in no event shall the U.S. Base Rate be less than zero percent. This facility will expire on July 29, 2026. The Dutch Amended Revolver Loans and U.S. Amended Revolver Loans are secured by the Foreign Collateral and U.S. Collateral, respectively. The Restatement Agreement contains certain customary affirmative, negative and financial covenants and events of default, and requires the Company and certain of its subsidiaries and affiliates obligated under the Restatement Agreement to make customary representations and warranties in connection with credit extensions thereunder. The Company was in compliance with these covenants as of December 31, 2021.

The Company had standby letters of credit of $1,173 and $2,628 as of December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively.

The Company had approximately $51,463 and $52,669 of unused short-term lines of credit available to specific operations around the world as of December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively.

11. Long-Term Debt

Long-term debt is summarized as follows:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Term Loan	$ 369,075	$ 234,231
SVP Europe Term Loans	1,137	1,975
Long-term debt	370,212	236,206
Less: Current portion	(3,845)	(741)
Unamortized debt issuance costs and original issue discounts	(28,187)	-
Long-term debt, net of discount and current portion	$ 338,180	$ 235,465

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(Dollars in thousands)

Term Loans

On March 16, 2018, the Predecessor entered into an Amended and Restated Credit Agreement ("Credit Agreement") with Ares which provided a total of $175,024 in Term Loans ("the Promissory Note"). The annual interest rate is LIBOR plus 9% if a LIBOR Rate Loan or plus 8% if a Base Rate Loan. In addition, in the case of a LIBOR Rate Loan, the Predecessor was permitted to pay the amount exceeding 5.0% per annum in interest in kind or amount exceeding 4.0% per annum payable in kind if a Base Rate Loan. Total interest expense for the Predecessor on the Promissory Note was $10,736 and $18,082 for the period January 1, 2021 through July 30, 2021 and the year ended December 31, 2020, respectively. The Predecessor elected to pay interest in kind of $0 and $13,639 for the period January 1, 2021 through July 30, 2021 ("Predecessor") and the year ended December 31, 2020 ("Predecessor"), respectively. The Promissory Note had a five-year term through March 16, 2023. The interest rate was 10% at December 31, 2020 (Predecessor). Ares granted a deferral on the interest on the Promissory Note for the second and third quarter of 2019 and the cash interest was not paid until Q1 2020. In conjunction with the Stitch Acquisition by the Successor on July 30, 2021, the Predecessor paid the outstanding balance of $234,230 and $2,993 accrued interest on the Term Loans with Ares.

Concurrently with the closing of the Stitch Acquisition, the Successor entered into a Term Loan Credit Agreement with various lenders which provided a total of $370,000 in Term Loans ("Successor Term Loan"). The annual interest rate on the Successor Term Loan is LIBOR plus 6.75% if a LIBOR Rate Loan or plus 5.75% if a Base Rate Loan, provided that in no event shall the LIBO Rate be less than 0.75 percent per annum. Total interest expense for the Successor on the Successor Term Loan was $11,870 for the period July 31, 2021 through December 31, 2021 ("Successor"). The Successor Term Loan has a seven-year term through July 30, 2028 ("Maturity Date"). The Successor is required to pay $925 on the last business day of each March, June, September and December, commencing with December 31, 2021. The remaining balance is due on the Maturity Date. The interest rate was 7.5% at December 31, 2021 ("Successor").

The Successor Term Loan also contains customary negative covenants which limit the Company's ability to, among other things, incur additional indebtedness, create liens, make investments, transfer assets, merge, sell or acquire assets, and make restricted payments, including dividends, advances, distributions and specified payments on other indebtedness, except for the payments permissible under the Successor Term Loan Agreement. They include customary events of default, including payment defaults, material breaches of representations and warranties, covenant defaults, default on other material indebtedness, customary Employee Retirement Income Security Act ("ERISA") events of default, bankruptcy and insolvency, material judgments, invalidity of liens on collateral, change of control or cessation of business. The Successor Term Loan also contains customary affirmative covenants and representations and warranties. Commencing for the year ending December 31, 2021 and forward, the Successor will make an Excess Cash Flow payment as defined by the Successor Term Loan unless the Excess Cash Flow is equal to or less than the greater of $5,000 and 5% of Consolidated EBITDA. The Company was in compliance with these covenants as of December 31, 2021.

The Company has small term loans in Italy to finance working capital. These loans are with financial institutions and mature in 2026. The terms of the loans include monthly principal payments. The interest rate for the loan is fixed at 1%. The loans are unsecured. There are no covenants for these loans.

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(Dollars in thousands)

Maturities of long-term debt, not including amortization of debt issuance costs at December 31, 2021 are as follows:

Year Ended December 31,		Amount
2022	$	3,845
2023		3,888
2024		4,009
2025		4,012
2026		3,883
Thereafter		350,575
Total	$	370,212

12. Stock-based Compensation

Before the Acquisition Date, the Predecessor awarded its management and employees through its Profit Interest Unit agreement (the "Predecessor Plan"). Under the Predecessor Plan, the number of units cannot exceed 10% of the equity securities authorized for issuance by the Board. The Profit Interest Units ("Predecessor Units") are non-voting units and entitle participants to receive a payment based on certain appreciation of the common stock of the company. Each Predecessor Unit provides a participant with the right to receive an amount in excess of the exercise price of the Unit from the net amount received by the common shareholders of the company. The Predecessor Units vest according to the terms of each grant, either: 1) 6.25% per quarter, or 2) 25% on each anniversary of the grant date. In the event of a change of control, all Predecessor Units, to the extent then unvested, shall become vested immediately prior to the Change of Control. There were no liabilities or related compensation expense recorded in the consolidated financial statements as of December 31, 2020 ("Predecessor"). As a result of the Stitch Acquisition, these awards vested and the Predecessor Plan paid out $8,275 to employees. These payments are recorded in Selling and administrative expenses in the Consolidated Statements of Comprehensive Income (Loss).

On the Acquisition Date, the Predecessor Plan was terminated, and the Company replaced it with a Class B Award Agreement and a Phantom Award Agreement (the "Successor Plan") for executive officers of the Company, as defined by individual agreements with each recipient. Each agreement includes both time-vesting awards and performance-vesting awards of the Class B Units of Stitch Holdings, L.P. ("Units"), usually in even 50/50 split between the two tranches for each recipient. The awards are classified as equity in accordance with ASC 718.

The time-vesting awards vest 20% on the first anniversary of the Vesting Commencement Date and an additional 20% of the units vest on each anniversary of the Vesting Commencement Date thereafter, except in the case of a Partnership Sale of the Company which provides immediate vesting of these awards.

The performance-vesting units vest only in the case that the respective employee has been continuously employed at the Company up until the date of a liquidity transaction related to the Company. Twenty-five percent of the performance-vesting units vest at such time that the Platinum Limited Partners ("Controlling Partner") have received Liquidity Proceeds equal to 2.0 times the

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(Dollars in thousands)

Invested Capital (the "2.0x Hurdle"). Another twenty-five percent of the performance-vesting units vest at such time that the Controlling Partner has received Liquidity Proceeds equal to 2.8 times the Invested Capital (the "2.8x Hurdle").

After the vested portion of the performance-vesting incentive awards is determined on the date of a liquidity transaction, all remaining unvested performance-vesting shares shall be forfeited. All unvested awards immediately expire upon a grantee's termination of employment. Grantees have no options related to transferring shares other than in a liquidation event. In September 2021, an immaterial number of shares were granted by the Company under the Successor Plan. Subsequent to December 31, 2021, 21,877.83 shares were granted by the Company under the Successor Plan.

The Successor also has a phantom stock plan for certain key employees of the Company. Each agreement includes both time-vesting awards and performance-vesting awards usually in even 50/50 split between the two tranches for each recipient. The phantom stock time vesting options vest 20% on the first anniversary of the Vesting Commencement Date and an additional 20% of the units vest on each anniversary of the Vesting Commencement Date thereafter, except in the case of a Partnership Sale of the Company which provides immediate vesting of these awards. Same as the performance- vesting Incentive Units discussed above, the performance-vesting phantom stock options vest only in the case that the respective employee has been continuously employed at the Company up until the date of a liquidity transaction related to the Company. Upon exercise, the employee will be entitled to receive in cash the difference between the fair market value of the common stock on the date of the phantom stock option grant and the fair market value of common stock on the date of exercise. The phantom stock options are liabilities in accordance with ASC 718. For the period July 31, 2021 through December 31, 2021 ("Successor"), no phantom stock awards were granted by the Company. Subsequent to December 31, 2021, 2,516.92 shares were granted by the Company under the Successor Plan.

13. Income Taxes

As described in Note 2, the Predecessor is the sole owner of SVP–Singer Holdings, Inc. a US corporation which owns, directly or indirectly, the worldwide operations of the Successor. As a result, for the Company, all worldwide operations are considered when determining the US federal income tax liability of SVP-Singer Holdings, Inc. In addition, certain of the Company's worldwide subsidiaries are subject to income taxes in their respective jurisdictions. The provision for income taxes is as follows for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period

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(Dollars in thousands)

from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor):

	Successor	Predecessor	Predecessor
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Current expense	$ 5,940	$ 8,129	$ 8,152
Deferred (benefit) expense	(1,482)	5,636	12,753
Provision for income taxes	$ 4,458	$ 13,765	$ 20,905

Deferred income taxes result primarily from temporary differences in financial statement and tax bases of accounts receivable (net of allowance for doubtful accounts), inventories, intangibles, property, plant and equipment (net of accumulated depreciation), accrued liabilities, pension obligations, and net operating loss carryfowards. The tax effects of these temporary differences are recorded as deferred tax assets and liabilities netted by tax jurisdiction and taxpayer. Before application of valuation allowance, the Company had deferred tax assets of $111,328 and $107,338 at December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), respectively. The Company had total deferred tax liabilities of $37,891 and $17,908 at December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), respectively.

At December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), the Company had $306,548 and $305,326, respectively, of net operating loss carryforwards in various countries. At December 31, 2021 ("Successor"), $303,398 of these net operating loss carryforwards relate to various non-U.S. countries and will expire in various years through 2034, unless country-specific laws allow for indefinite carryforward of net operating losses.

As a result of the 2018 ownership change under US Internal Revenue Code Section 382, the Company calculated the limitation to be applied to losses generated on or before the date of the transaction and determined that the base annual limitation for such losses was $0. However, the Company had a net unrealized built-in gain ("NUBIG") in its assets at the ownership change date. Based on IRC Section 382 principles and additional guidance, the Company may increase its annual limitation for a 60-month period after the acquisition by the amount of NUBIG which is realized or is deemed to be realized during this period. At December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), the Company had $3,150 and $5,666, respectively, of US Federal net operating loss carryforwards available for future use under these provisions.

The Company is in the process of calculating the limitation applicable to losses and other tax attributes as a result of the 2021 ownership change. Based on preliminary analysis, the Company does not anticipate any existing tax attributes being permanently limited under Section 382. At December 31, 2021 ("Successor"), the Company had $67,936 of interest limitation carryforwards and $0 of US Federal net operating loss carryforwards subject to limitation.

Due to uncertainty of the Company's ability to realize the tax benefit of its net operating loss carryforwards and other deferred tax assets, a valuation allowance has been established in various

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(Dollars in thousands)

jurisdictions. The Company had total valuation allowances of $69,087 and $71,602 at December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), respectively.

Certain of the Company's subsidiaries are subject to federal income tax in the U.S. For the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), the Company's consolidated pre-tax loss of $(40,779), $(13,164), and $(17,564), respectively, was subject to US federal income tax. Income tax related to such loss was $950, $283, and $1,044 expense for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor") respectively. The difference between the effective rate on the income subject to US federal income tax and the US federal statutory rate of 21% relates primarily to the effects of non-deductible goodwill, foreign income inclusions, transaction costs and changes in valuation allowance.

The Company performs a continuous evaluation of its global capital allocation strategy and assertions made with respect to the accumulated earnings of foreign subsidiaries. Earnings from US operations continue to generate sufficient cash from operations to fund working capital needs and there is no intention to repatriate foreign earnings. Therefore, the Company has not recognized any deferred tax liabilities associated with earnings in foreign subsidiaries as they are intended to be permanently reinvested and used to support foreign operations.

At December 31, 2021 ("Successor') and December 31, 2020 ("Predecessor"), the Company's liability for uncertain tax positions is $8,185 and $8,649, respectively. Of the total liability, $4,774 and $5,562 is recorded within the Company's deferred income tax balances and $3,411 and $3,028 is recorded as a noncurrent liability at December 31, 2021 ("Successor') and December 31, 2020 ("Predecessor"), respectively.

The Company's continuing practice and policy is to record potential interest and penalties related to unrecognized tax benefits in its provision for income taxes. The amount of potential interest and penalties included in the Company's July 31 through December 31 ,2021 (Successor"), January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor"), provision for income taxes was $34 of benefit, $343 of expense, and $347 of expense, respectively. At December 31, 2021 ("Successor") and December 31, 2020 ("Predecessor"), the Company's liability for uncertain tax positions included $236 and $1,054, respectively, of potential interest and penalties.

As of December 31, 2021, SVP Europe S.R.L.'s 2017 through 2020 tax years were under audit by the Italian tax authorities. The Company has not provided for any adjustments to previously accrued amounts as a result of this ongoing audit. The Company is not under income tax examination in any other jurisdiction. Certain of the Company's subsidiaries operating in non-U.S. jurisdictions remain subject to examination for tax years beginning in 2011.

The Company does not expect to have significant changes to its unrecognized tax position liability within the next twelve months.

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(Dollars in thousands)

14. Commitments and Contingencies

The Company is subject to a variety of environmental and pollution control laws and regulations in many jurisdictions in which it operates and faces exposure from actual and potential claims involving such matters.

The Company is involved in certain legal proceedings arising from its normal business activities in Brazil. In some cases, the Company is a defendant in litigation and claims and in others, it has challenged certain laws and regulations, primarily in connection with tax matters. The Company has provided $7,366 and $7,775 as of December 31, 2021 ("Successor") and 2020 ("Predecessor"), respectively, for estimated losses that in the assessment of management and legal counsel indicate that a loss is probable. The civil and labor cases stem from the closure of 3 business units in 2000. The labor cases also relate to regular operations of the current factory and a business unit that was closed in 2019. The tax litigation is related to social security taxes, employees' profit participation (PIS), social contribution of billing (COFINS), excise tax (IPI) and value added tax on sales (ICMS) for the years 1995 – 2019. The Company does not expect the open labor, civil, or tax litigation to be resolved in the next year and thus these estimated losses were reflected in "Other non-current liabilities" on the Consolidated Balance Sheets as of December 31, 2021 ("Successor") and 2020 ("Predecessor"). In management's opinion, any loss resulting from environmental matters or litigation known to it, in excess of amounts recorded, will not have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

In some cases, the outcome of the lawsuits cannot be predicted due to the fact that these cases are in the early stages of discovery, or the amount of liability cannot be estimated. Any liability resulting from the resolution or settlement of such cases could be material.

Estimated losses have been recorded on the Consolidated Balance Sheets as either part of "Accrued liabilities - other" if classified as short-term or as part of "Other non-current liabilities" if classified as long-term based on management's estimate of the expected timing of resolution or settlement of the related legal actions. Cases which are usually negotiated and settled or liquidated in shorter periods have been classified as current. Actions involving tax matters, environmental cases, labor cases, civil cases and others usually take very long periods to reach a final decision and have been classified accordingly.

The Company has employees covered by labor contracts at various facilities, regulated by applicable law and collective bargain agreement for each country.

The Company won a judgement in June 2021 related to an IPI premium credit (Tax on Industrialized Products). This receivable was $14,345 as of December 31, 2021 and is recorded in "Other assets" in the Consolidated Balance Sheet as the Company does not expect to collect the judgement in the next year.

15. Leases

The Company conducts a large part of its operations in leased premises and leases certain equipment under agreements classified as operating leases. Rent is recognized on a straight-line basis. Leases which expire are generally renewed or replaced by similar leases. The future minimum payments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

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(Dollars in thousands)

Years Ending December 31,	Amount
2022	$ 6,449
2023	6,312
2024	5,074
2025	4,497
2026	4,451
Thereafter	12,144
Total future minimum lease payments	$ 38,927

Contingent rentals under operating leases, such as those based on sales, are $1,538, $1,604 and $3,337 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor), respectively. Rental expense for all operating leases was $2,822, $3,934 and $7,236 for the period from July 31, 2021 through December 31, 2021 ("Successor"), for the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor), respectively. Sublease rentals are insignificant.

16. Fair Value of Financial Instruments

The Company uses the following methods and assumptions to estimate the fair value of its financial instruments.

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, notes and loans payable and long-term debt. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximated their fair value due to the short maturity of these instruments. The fair value of the notes and loans payable and long-term debt approximates the carrying value in that the Company's credit facilities bear interest at a variable rate that is based on market rates.

As a result of subsequent period changes, contingent consideration of $4,744 on the Acquisition Date was reassessed as of December 31, 2021, and $7,129 was recorded in "Accrued liabilities-other" and $1,871 was recorded in "Other non-current liabilities" in the Consolidated Balance Sheets.

17. Related Party Transactions

The Successor incurred management fees for advisory services to Platinum Equity. For the period from July 31, 2021 through December 31, 2021 ("Successor"), such management fees amounted to $2,038. These fees are included in "Selling and administrative expenses" in the Consolidated Statements of Comprehensive Loss.

For the period from January 1, 2021 through July 30, 2021 ("Predecessor") and for the year ended December 31, 2020 ("Predecessor), the Company paid Ares $10,780 and $30,745, respectively, for interest and fees on the outstanding term loan and revolver. Ares was the Predecessor shareholder of 100% of Class A common shares or 65% of the Company.

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(Dollars in thousands)

18. Supplemental Cash Flow Information

Cash paid for interest and income taxes were as follows:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Interest paid	$ 12,306	$ 11,724	$ 31,662
Income taxes paid (net of refunds received)	6,243	7,081	4,337

Noncash investing and financing activities were as follows:

	Successor	Predecessor	
	Period From July 31, 2021 through December 31, 2021	Period From January 1, 2021 through July 30, 2021	Year Ended December 31, 2020
Capital expenditures in accounts payable	$ 736	$ 593	$ 503

19. Subsequent Events

The Company evaluated subsequent events for disclosure through May 27, 2022, the date the financial statements were issued.

On March 14, 2022, the Company acquired a 100% ownership interest in Jaguar International Corporation Hanoi ("JICH"), a company incorporated under the laws of Vietnam to produce, trade, design, fabricate and assemble sewing machines and spare parts. The original purchase price for JICH was $6,000 less a $1,000 holdback and subject to further adjustments that SVP expects will result in a total payment to Jaguar International Corporation of an immaterial amount. The acquisition will further strengthen the Company's manufacturing base for the Singer brand and enable growth aspirations.

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Building a better working world

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Report of Independent Auditors

The Board of Directors
SVP-Singer Holdings, Inc.

We have audited the consolidated financial statements of SVP-Singer Holdings, Inc., which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for the period from July 31, 2021 through December 31, 2021 (Successor), and the related consolidated statements of comprehensive income (loss), changes in shareholders' equity (deficit), and cash flows for SVP-Singer Holdings LP (Predecessor) for the period from January 1, 2021 through July 30, 2021, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the period from July 31, 2021 through December 31, 2021 (Successor), and for the period from January 1, 2021 through July 31, 2021 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free of 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 that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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.

Report of Other Auditors on 2020 Financial Statements

The financial statements of SVP-Singer Holdings LP for the year ended December 31, 2020, were audited by other auditors who expressed an unmodified opinion on those statements on March 30, 2021.

Ernst & Young LLP

May 27, 2022