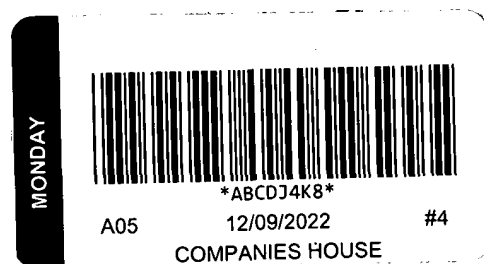


Company Registration Number 02298581

PURE FISHING (UK) LTD
FINANCIAL STATEMENTS
31 DECEMBER 2021



ArmstrongWatson®
Accountants, Business & Financial Advisers

PURE FISHING (UK) LTD

COMPANY INFORMATION

Directors

Gareth Moore
Kjell Harry Clefford
Stephen George Garrett (resigned 15 June 2021)
Kevin Michael Jayson
John Steven Henderson (appointed 15 June 2021)

Registered number

02298581

Registered office

2 Silverton Court
Northumberland Business Park
Cramlington
NE66 2PF

Independent auditors

Armstrong Watson Audit Limited
Chartered Accountants
Suite 15 & 17
11 Waterloo Street
Newcastle Upon Tyne
NE1 4DP

PURE FISHING (UK) LTD

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PURE FISHING (UK) LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their strategic report for the year ended 31 December 2021.

Business review

Following the acquisition of the Pure Fishing Group by Sycamore Partners at the end of 2018 and the subsequent transition period through 2019, the business achieved a strong 2020 and 2021 performance. This was in spite of the difficult operating environment of the COVID 19 pandemic which the business successfully managed to navigate.

The company's statement of comprehensive income shows a profit on ordinary activities before taxation of £6,947k (2020: £16,066k).

As at the balance sheet date the company had net assets of £104,764k (2020: £97,817k).

Principal risks and uncertainties

The main risks and uncertainties facing the Company would have to be categorised as follows:

- Any further unpredicted general economic downturn.
- Severe and unseasonable weather in any prime selling seasons for fishing, as sales are always weather dependent
- Future inventory prices from China can fluctuate due to supply and currency. We purchase the majority of our inventory from China, denominated in USD which can alter the price we pay for product over time.
- Excessive short-term fluctuations in foreign exchange rates affecting the price of products sourced from overseas in foreign currency.
- The continued availability of credit facilities to the Company, as part of the wider Pure Fishing group, at competitive prices.

All the above can be managed with good planning, long-term strategy and careful investment.

The business and its investments were impacted by COVID-19 from March 2020 and management acted accordingly to reduce the cost base in the short term by reducing discretionary operational spend, furloughing employees where necessary and reducing orders placed for product to preserve cash flow. Through careful management the business recovered sales from June 2020 to previous levels with an overall growth in the core fishing sales, and they do not see significant future impact to the fishing business.

FOREIGN EXCHANGE RISK

The Company is exposed to foreign exchange risk on its products and on amounts due to and from fellow group undertakings. The Company monitors its exposure to foreign exchange risk on an ongoing basis.

CREDIT RISK

The Company trades with only recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis and, where appropriate, credit insurance is utilised with the result that the Company's exposure to bad debts is mitigated.

LIQUIDITY RISK

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans from fellow group undertakings. The financing of the Company via group loan notes is linked to LIBOR as disclosed in notes 15 and 16. As such the liquidity of the Company can be impacted by interest rate volatility

PRICE RISK

The company manufactures and purchases product with exposure to fluctuating purchase prices. Where this occurs the company sets its selling prices accordingly to mitigate this effect.

PURE FISHING (UK) LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial key performance indicators

Turnover increased by £1,175k (6.2%) (2020 decreased: £2,225k (11.4%)). The 2020 decrease was primarily due to a continued fall in demand for product in the advanced composites business arising from one major customer.

The Company purchases the majority of its products in US dollars but sells them in Sterling. The profitability of the Company is therefore heavily dependent upon foreign exchange rates.

The Company's key financial and other performance indicators during the year were as follows:

	2021	2020
	£000	£000
Turnover	18,358	17,283
Gross profit	5,074	4,295
Gross profit as a % of turnover	27.6%	24.9%
Operating loss	(1,067)	(1,634)
Profit for the financial year	6,947	16,066
Net assets	104,764	97,817
Current assets as a % of current liabilities	175.8%	112.6%
Average number of employees	88	102

PURE FISHING (UK) LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Section 172 Statement

The directors work to promote the success of the company, by considering the impact that their decisions may have on the company, along with the company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the "Review of the Business" and "Principle Risks and Uncertainties" section of this report.

The company's key stakeholders include but are not limited to:

- Customers
- Employees
- Suppliers
- Funders

During the financial year ended 31 December 2021 the directors, having regard to the financial performance and position of the company, and the ability to meet the expectations of its key stakeholders, decided not to pay a dividend.

The core values at Pure Fishing are to work as a team, providing great customer experience. These values underpin the Pure Fishing group's strategy and vision. The vision is to be the leading global player in the fishing tackle industry, and its strategy is to have the best employees, products and processes to create a platform for growth.

The directors of the company promote good governance, which is key to driving the success of the business. The directors aim to promote strong relationships with key stakeholders at all times which are also critical to achieving long term growth and success.

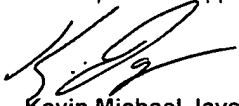
The Senior Leadership team meet at least every quarter to review the business and its operations to ensure it is meeting targets and that decisions taken are in line with the groups' values and objectives.

The company also engaged with external customers to ensure a positive customer experience and to ensure the new product development was in line with market trends.

Internally the company looked at its operations to determine productivity improvements that could be made to strengthen its ability to compete in the marketplace.

The business is mindful of its impact on the environment and supports sustainable fishing practices in the markets in which it operates and participates actively in many local organisations.

This report was approved by the board and signed on its behalf.


Kevin Michael Jayson
Director

Date: 25/07/2022

PURE FISHING (UK) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £6,947k (2020 - £16,066k).

No dividends were paid during the year (2020: £nil). The Directors do not recommend payment of a final dividend for 2021 (2020: £nil).

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Pure Fishing Inc. The directors have received confirmation that the parent company, via its subsidiary undertaking SP PF Cayman Holdings I LP intends to support the Company for at least one year from the date these financial statements are signed.

Directors

The directors who served during the year were:

Gareth Moore
Kjell Harry Cleffjord
Stephen George Garrett (resigned 15 June 2021)
Kevin Michael Jayson
John Steven Henderson (appointed 15 June 2021)

PURE FISHING (UK) LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Future developments

Overall in the coming year the company expects to continue operating with its current business model.

We will continue to develop strong relationships with our customers, suppliers and with the fishing industry in general, generating new business where possible and seeking growth for the business.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Kevin Michael Jayson
Director

Date: 25/07/2022

PURE FISHING (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURE FISHING (UK) LTD

Opinion

We have audited the financial statements of PURE FISHING (UK) LTD (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PURE FISHING (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURE FISHING (UK) LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PURE FISHING (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURE FISHING (UK) LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the limited partnership through discussion with the general partners and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the limited partners financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected or alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

In address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- tested the discounted cash flow model for review of impairment to valuation of investments
- reviewed a sample of revenue to supporting documentation
- reviewed the accounting provisions against stock and trade debtors to gain comfort over valuation and recoverability

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included but were not limited too:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our

PURE FISHING (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PURE FISHING (UK) LTD (CONTINUED)

Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Turner (Senior Statutory Auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants

Suite 15 & 17
11 Waterloo Street
Newcastle Upon Tyne
NE1 4DP

Date:

22/2/22

PURE FISHING (UK) LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020 £000
Turnover	4	18,358	17,283
Cost of sales		(13,284)	(12,988)
Gross profit		5,074	4,295
Distribution costs		(4,918)	(4,017)
Administrative expenses		(1,223)	(1,912)
Operating loss	5	(1,067)	(1,634)
Income from shares in group undertakings		10,010	19,812
Interest receivable and similar income	8	124	65
Interest payable and similar expenses	9	(2,120)	(2,177)
Profit before tax		6,947	16,066
Tax on profit	10	-	-
Profit for the financial year		6,947	16,066

There was no other comprehensive income for 2021 (2020:NIL).

The notes on pages 13 to 27 form part of these financial statements.

PURE FISHING (UK) LTD
REGISTERED NUMBER: 02298581

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	2,751	2,935
Tangible assets	12	824	614
Investments	13	182,859	182,859
		<u>186,434</u>	<u>186,408</u>
Current assets			
Stocks	14	4,389	3,779
Debtors: amounts falling due within one year	15	14,391	13,263
Cash at bank and in hand	16	1,026	1,133
		<u>19,806</u>	<u>18,175</u>
Creditors: amounts falling due within one year	17	(11,265)	(16,135)
Net current assets		<u>8,541</u>	<u>2,040</u>
Total assets less current liabilities		<u>194,975</u>	<u>188,448</u>
Creditors: amounts falling due after more than one year	18	(90,211)	(90,631)
Net assets		<u><u>104,764</u></u>	<u><u>97,817</u></u>
Capital and reserves			
Called up share capital	19	4,712	4,712
Share premium account		114,379	114,379
Profit and loss account		(14,327)	(21,274)
		<u>104,764</u>	<u>97,817</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Kevin Michael Jayson
Director

25/07/2022

The notes on pages 13 to 27 form part of these financial statements.

PURE FISHING (UK) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	4,712	114,379	(21,274)	97,817
Profit for the year	-	-	6,947	6,947
At 31 December 2021	4,712	114,379	(14,327)	104,764

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	4,712	114,379	(37,340)	81,751
Profit for the year	-	-	16,066	16,066
At 31 December 2020	4,712	114,379	(21,274)	97,817

The notes on pages 13 to 27 form part of these financial statements.

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The principal activity of the Company is the purchasing of fishing tackle for distribution to retailers. The Company is a private company, limited by shares and incorporated and registered in England, United Kingdom. The address of the registered office is 2 Silverton Court, Northumberland Business Park, Cramlington, Northumberland, England, NE23 7RY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's results are consolidated in the group financial statements produced by SP PF Cayman Holdings I LP and available on request from Pure Fishing Inc. Accordingly, the Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised upon dispatch of goods.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Pure Fishing Inc. The directors have received confirmation that the parent company, SP PF Cayman Holdings I LP intends to support the Company for at least one year after these financial statements are signed.

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 15.5 years
Plant and machinery	- 3 to 10 years
Computer equipment	- 2 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Fixed Asset Investments

As noted above, to determine whether there has been an impairment of fixed asset investment, management consider annually the expected future financial performance of the asset using a Discounted Cash Flow model.

The key base assumptions of the model used include: A Weighted Average Cost of Capital (WACC) calculated at 9%, revenue growth at 50% of planned levels compared to the 5 year strategic plan and gross margin improvements of 0.5% each year over the next 5 years.

The model is sensitive to changes in the assumptions as highlighted below:

A change in WACC +/-0.5% would result in movement in fair value in use of (£12.5m) or £14.5m respectively. A decrease in WACC of 0.5% would create an impairment in the carrying value of (£4.2m).

Change in growth assumptions +/-2% would result in movement in fair value in use of £69.1m or (£63.6m) respectively. A decrease in growth of 2% would create an impairment in the carrying value of (£55.2m). Within the discounted cash flow model the worst growth prediction would create an impairment in the carrying value of (£14.0mil).

Change in FX rates of +/-5% would result in movement in fair value of £0.9m or (£17.8m) respectively. A decrease in forex of 5% would create an impairment in the carrying value of (£5.7m).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Fishing tackle	18,081	15,955
Advanced composites	277	1,329
	<u>18,358</u>	<u>17,284</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	14,821	13,257
Other Europe	1,736	2,408
Rest of the World	1,801	1,619
	<u>18,358</u>	<u>17,284</u>

5. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation - owned assets	164	196
Amortisation - goodwill	184	183
Impairment of trade receivables	39	29
Operating Lease rentals (Note 20):	-	-
- land and buildings	429	418
- plant and machinery	68	103
Auditors' remuneration:	-	-
- audit services relating to this company	27	27
- the auditing of accounts of any related group company	12	12
Foreign exchange (gains)/losses	<u>212</u>	<u>210</u>

PURE FISHING (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	3,000	3,417
Social security costs	326	365
Other pension costs	191	215
	<u>3,517</u>	<u>3,997</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Production, warehouse and service	61	62
Administration and selling	27	40
	<u>88</u>	<u>102</u>

7. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	185	153
	<u>185</u>	<u>153</u>

8. Interest receivable

	2021 £000	2020 £000
Other interest receivable	124	65
	<u>124</u>	<u>65</u>

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Interest payable and similar expenses

	2021 £000	2020 £000
Other loan interest payable	2,120	2,177
	<u>2,120</u>	<u>2,177</u>

10. Taxation

	2021 £000	2020 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	6,947	16,067
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,320	3,053
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	37	38
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(1,902)	(3,764)
Group relief	24	229
Deferred tax not recognised	521	444
Total tax charge for the year	-	-

Factors that may affect future tax charges

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation (continued)

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% has been enacted at the balance sheet date, the deferred tax has been restated to 25%.

11. Intangible assets

	Goodwill £000
Cost	
At 1 January 2021	3,668
At 31 December 2021	<u>3,668</u>
Amortisation	
At 1 January 2021	733
Charge for the year on owned assets	184
At 31 December 2021	<u>917</u>
Net book value	
At 31 December 2021	<u><u>2,751</u></u>
At 31 December 2020	<u><u>2,935</u></u>

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Long-term leasehold property £000	Plant and machinery £000	Office equipment £000	Other fixed assets £000	Total £000
Cost or valuation					
At 1 January 2021	737	1,048	157	52	1,994
Additions	272	36	53	59	420
Disposals	(94)	(99)	-	(52)	(245)
At 31 December 2021	915	985	210	59	2,169
Depreciation					
At 1 January 2021	640	598	142	-	1,380
Charge for the year on owned assets	58	85	21	-	164
Disposals	(122)	(77)	-	-	(199)
At 31 December 2021	576	606	163	-	1,345
Net book value					
At 31 December 2021	339	379	47	59	824
At 31 December 2020	97	450	15	52	614

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	182,859
At 31 December 2021	182,859

PURE FISHING (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Holding
Pure Fishing Netherlands B.V.	Tinstaat 3-5, Breda, 4823 AA, Netherlands	100%
Pure Fishing Korea Co. Limited	Suite 906, 38 Digital-Ro 29Gil, Guro-Gu, Seoul, 08381, South Korea	100%
Pure Fishing Malaysia Sdn. Bhd.	Unit 30-01, Level 30, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200, Kuala Lumpur, Malaysia	*100%
Pure Fishing Japan Co. Limited	MA Building, 2-15-12 Kiba, Koto-ku, Tokyo, 135-0042, Japan	*100%
Pure Fishing Spirit B.V.	Tinstraat 3-5, Breda, 4823 AA, Netherlands	*100%
Outdoor Technologies (Canada) ULC	Suite 900, 1959 Upper Water Street, Halifax, NS, B3J 2X2, Canada	*100%
Pure Fishing Poland Sp. Z.O.O.	61-737 Poznan UL.27 Grudnia 3, Poznan, Poland	*100%
Outdoor Technologies Group Sweden AB	C/O ABU AB, 37681, Svangsta, Sweden	*100%
Abu Garcia AB	C/O ABU AB, 37681, Svangsta, Sweden	*100%
Pure Fishing Finland OY	Turvekuja 6, 00700 Helsinki, Finland	*100%
Abu Garcia Pty Limited	Unit 1, 16 Pioneer Avenue, Tuggerah NSW, 2259, Australia	*100%
Pure Fishing (NZ) Limited	Level 22, 205 Queen Street, Auckland 1010, New Zealand	*100%
Abu AB	37681, Svangsta, Sweden	*100%
Pure Fishing Norway AS	Kjeller vest 3, 2007 Kjeller, Norway	*100%
OTG-Cani Denmark A/S	Tinvej 1, 8940 Randers SV, Denmark	*100%
Pure Fishing Deutschland GmbH	Hanauer Landstrasse 553, 2nd Floor, D-60386 Frankfurt, Germany	*100%
Pure Fishing SAS	65 avenue Kleber, 75116 Paris, France	*100%
Hardy & Greys Limited	2 Silverton Court, Northumberland Business Park, Cramlington, Northumberland, England, NE23 7RY	100%

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Holding
Hardy Advanced Composites Limited	2 Silverton Court, Northumberland Business Park, Cramlington, Northumberland, England, NE23 7RY	**100%

* Investments held indirectly (subsidiaries of Pure Fishing Netherlands B.V.)

** Investments held indirectly (subsidiaries of Hardy & Greys Limited)

During the year the Company received dividends of £10,010k from subsidiary undertakings.

14. Stocks

	2021 £000	2020 £000
Raw materials and consumables	328	551
Work in progress (goods to be sold)	144	142
Finished goods and goods for resale	3,917	3,086
	<u>4,389</u>	<u>3,779</u>

The replacement cost of the above inventory is not materially different from the values stated.

The amount of inventory recognised as an expense in the year is £10,967 (2020: £11,235k)

PURE FISHING (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Debtors

	2021 £000	2020 £000
Trade debtors	3,420	3,637
Amounts owed by group undertakings	2,860	5,780
Loan notes issued to subsidiary undertaking	7,652	3,396
Prepayments and accrued income	459	450
	<u>14,391</u>	<u>13,263</u>

£1,490,000 of the loan notes bear interest of 6.5% p.a. and have no fixed repayment date.

£1,906,000 of the loan notes bear interest of LIBOR + 2.5% and are repayable on demand.

16. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	1,026	1,133
	<u>1,026</u>	<u>1,133</u>

17. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	618	1,133
Amounts owed to group undertakings	5,595	10,308
Other taxation and social security	290	457
Loan notes issued by group undertakings	2,451	2,420
Accruals and deferred income	2,311	1,817
	<u>11,265</u>	<u>16,135</u>

Amounts owed to group undertakings are trading balances, which are unsecured and interest free and repayable on demand.

The loan notes are unsecured, bearing interest of 3 month LIBOR + 2.50% and are repayable on demand.

PURE FISHING (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Loan notes issued by group undertakings	90,211	90,631
	<u>90,211</u>	<u>90,631</u>

£86,671,000 of the above balance bears interest at 2.38% p.a. and is payable on 25 October 2025.

£3,959,000 of the above balance bears interest at 3 month LIBOR + 2.5% and is payable on 19 December 2025.

The terms of these loan notes state that the non-payment of interest constitutes an "Event of Default", effectively resulting in the loan notes becoming re-payable on demand. In the year waivers have been signed covering the period 1 January 2021 to 31 January 2022 which prevent an "Event of Default" being declared for non-payment of interest.

19. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
750,000 (2020 - 750,000) Ordinary shares of £1 each shares of £1.00 each	750	750
3,961,629 (2020 - 3,961,629) Non-voting shares of £1 each shares of £1.00 each	3,962	3,962
	<u>4,712</u>	<u>4,712</u>

PURE FISHING (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Land and Buildings		
Not later than 1 year	658	429
Later than 1 year and not later than 5 years	1,336	1,755
	<u>1,994</u>	<u>2,184</u>
	2021	2020
	£000	£000
Other		
Not later than 1 year	24	68
Later than 1 year and not later than 5 years	3	37
	<u>3</u>	<u>37</u>

21. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provision of section 33 FRS 102 'Related party disclosures' on the grounds it is a wholly owned subsidiary and its results are included in the consolidated financial statements of SP PF Cayman Holdings I LP which are available on request from Pure Fishing Inc.

22. Ultimate parent undertaking and controlling party

The directors regard Pure Fishing Inc. as the ultimate parent company.

Pure Fishing Inc. regards SP PF Cayman Aggregator LP as its ultimate controlling party and consolidated financial statements for the Pure Fishing Group are prepared by SP PF Cayman Holdings I LP. These are available on request from Pure Fishing Inc., 7 Science Court, Columbia, SC, 29203, United States of America. This is the only set of consolidated financial statements prepared by the Pure Fishing Group and therefore represents both the largest and smallest group of undertakings for which group financial statements are drawn up and of which Pure Fishing (UK) Limited is a member.