

Alternative performance measures FY 2023

Alternative performance measures

Introduction

Fluidra's financial information contains, in addition to the financial information prepared in accordance with IFRS, alternative performance measures ("APMs") as defined in the Guidelines issued by ESMA.

APMs are used by Fluidra's management to evaluate the group's financial performance, cash flows or financial position in making operational and strategic decisions for the group and therefore are useful information for investors and other stakeholders. Certain key APMs form part of executive directors', management and employees' remuneration targets.

APMs are prepared on a consistent basis for the periods presented in this document. They should be considered in addition to IFRS measurements, may differ from definitions given by regulatory bodies relevant to the group and to similarly titled measures presented by other companies. They have not been audited, reviewed or verified by the external auditor of the Fluidra group. Rounding may explain any slight differences in the reconciliations.

Lists of measures

1. "Sales"

Definition

This refers to "sales of goods and finished products", the Group's main source of operating income.

Relevance of use

Simple abbreviation for clarity. Management considers "Sales" to be the Group's main source of income and analyses its performance over time.

2. "Gross margin"

Definition

This refers to "sales of goods and finished products" less "changes in inventories of finished goods and work in progress and raw material supplies", which is adjusted for the part of "Restructuring, M&A and integration expenses" (defined in point 6) relating to the inventory step-up as a result of business combinations. It is usually also presented as a ratio to sales.

Relevance of use

Management uses "gross margin" to evaluate, on a yearly basis, the evolution of the revenue from the sale of products in relation to the cost attributable to the products sold. This shows the return on sales before operating costs.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Sales of goods and finished products	2,051	2,389
Changes in inventories of finished goods and work in progress and raw material supplies	(961)	(1,170)
Restructuring, M&A and integration expenses relating to the inventory step-up as a result of business combinations (APM)	2	6
Gross margin (APM)	1,092	1,225
% Gross margin over sales (APM)	53.2%	51.3%

3. "Opex"

Definition

"Opex" ("operational expenditures") refers to the total operating expenses incurred to run the business. It includes "personnel expenses" plus "other operating expenses" net of i) "income from the rendering of services", ii) "work performed by the Group and capitalised as non-current assets", iii) "profit/(loss) from sales of fixed assets", iv) "stock based compensation" and v) the relevant portion of "restructuring, M&A and integration expenses" (defined in point 6) relating to "Opex".

Relevance of use

Management employs "Opex" to analyse the trend in both fixed and variable recurring operating expenses incurred to run the business from one year to the next, as well as the percentage variation in relation to sales. This is useful when analysing operating profitability.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Personnel expenses	386	415
Other operating expenses	366	396
Income from the rendering of services	(33)	(39)
Work performed by the Group and capitalised as non-current assets	(22)	(21)
Profit/(loss) from sales of fixed assets	(1)	0
Restructuring, M&A and integration expenses relating to Opex (APM)	(40)	(22)
Stock based compensation (APM)	(9)	(15)
Opex (APM)	647	713
% Opex over sales (APM)	31.5%	29.9%

4. "EBITDA"

Definition

"EBITDA" means earnings before interest, taxes, depreciation and amortisation. It is calculated as "sales of goods and finished products" less i) "changes in inventories of finished goods and work in progress and raw material supplies", ii) "personnel expenses" and iii) "other operating expenses" net of i) "income from the rendering of services", ii) "work performed by the Group and capitalised as non-current assets", iii) "profit/(loss) from sales of fixed assets" and iv) "share in profit/(loss) for the year from investments accounted for using the equity method".

The resulting figure is adjusted for "Stock based compensation" and "Restructuring, M&A and integration expenses".

Relevance of use

"EBITDA" is an indicator widely used by management and the financial and investment community when assessing the profitability of a company and its business. It is a metric reflecting the trend in the company's operating profitability from one year to the next, setting aside items that do not represent cash outflows. Management uses this metric periodically to set financial guidance of future performance.

It is also presented as a ratio to sales, allowing comparisons between companies, businesses and geographies.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Sales of goods and finished products	2,051	2,389
Changes in inventories of finished goods and work in progress and raw material supplies	(961)	(1,170)
Personnel expenses	(386)	(415)
Other operating expenses	(366)	(396)
Income from the rendering of services	33	39
Work performed by the Group and capitalised as non-current assets	22	21
Profit/(loss) from sales of fixed assets	1	0
Share in profit/(loss) for the year from investments accounted for using the equity method	0	0
Restructuring, M&A and integration expenses (APM)	42	27
Stock based compensation (APM)	9	15
EBITDA (APM)	445	512
% EBITDA over sales (APM)	21.7%	21.4%

5. "D&A"

Definition

"D&A" ("Depreciation and Amortization") relates to "Depreciation and amortization expenses and impairment losses". The Group divides this metric into "D&A (non-PPA related)" and "Amortization (PPA related)". The former refers to depreciation and amortization expenses and impairment losses that are not related to business combinations. The latter reflects accounting expenditure related to the amortization of intangible assets arising from business combinations as a result of the allocation

of the purchase price to the assets and liabilities acquired, such as the amortization of the value of the customer portfolio acquired.

Relevance of use

Management employs this metric, separating "Amortization (PPA related)" from the total amount of "depreciation and amortization expenses and impairment losses" in order to assess business profitability excluding the accounting effect of the acquisitions. This enhances the comparability of Fluidra's profitability over time, as well as in relation to other pool industry companies and the economy in general.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
D&A (non-PPA related) (APM)	90	90
Amortization (PPA related) (APM)	67	75
D&A (APM)	158	165

6. "Stock based compensation" and "Restructuring, M&A and integration expenses"

Definition

These expenses do not arise from ordinary business and, though they may be incurred in more than one period, they do not have continuity over time (unlike operating expenses) and they occur at a point in time or are related to a specific event.

"Stock based compensation" relates to the cost of management's long-term incentive plan.

"Restructuring, M&A and integration expenses" relates primarily to the integration of recently-acquired companies or to restructuring activities, such as the implementation of the Simplification Program that began in the second half of 2022. Most of these costs impact "Opex", although a relatively minor part affects the "Gross margin".

Relevance of use

The main performance measures employed by management exclude expenses of this kind, which arise at a point in time or relate to a specific event: "Gross margin", "Opex", "EBITDA", "EBITA", "Cash net profit", "Cash EPS" and "ROCE". This group of metrics is employed regularly by management to assess and analyse the Company's operating performance on a comparable basis over time.

7. "EBITA"

Definition

"EBITA" is another metric that reflects business performance and is defined as "EBITDA" less the portion of depreciation and amortisation unrelated to acquisitions.

Relevance of use

Management employs "EBITA" as a performance metric on the basis that it enhances the comparability of Fluidra's profitability

over time, as well as in relation to other pool industry companies and the economy in general.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
EBITDA (APM)	445	512
Depreciation and amortisation expenses and impairment losses	(158)	(165)
Amortization (PPA related) (APM)	67	75
EBITA (APM)	355	421

8. "Profit/(loss) attributable to NCI"

Definition

This refers to "Profit/(loss) attributable to non-controlling interests".

Relevance of use

Simple abbreviation for clarity.

9. "Profit/(loss) attributable to the parent"

Definition

This refers to "Profit/(loss) attributable to equity holders of the parent".

Relevance of use

Simple abbreviation for clarity.

10. "Cash net profit" and "Cash EPS"

Definition

"Cash net profit" is defined as "Profit/(loss) attributable to equity holders of the parent" adjusted for i) "Restructuring, M&A and integration expenses", ii) "Stock based compensation", iii) "Amortization (PPA related)" and iv) the non-cash portion of the financial result. "Cash EPS" is "Cash net profit" divided by the number of Company shares outstanding at the year-end, excluding the effect of treasury shares.

Relevance of use

Management employs these metrics regularly as good indicators of the Company's actual performance, since they mainly exclude both the amortization related to the accounts of the companies acquired and the expenses that do not repeat over time by nature. Cash EPS is one of the main metrics of reference used by Fluidra's Board of Directors when preparing the dividend per share proposal to be submitted to the General Shareholders' Meeting.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Profit/(loss) attributable to equity holders of the parent	114	160
Restructuring, M&A and integration expenses (APM)	42	27
Stock based compensation (APM)	9	15
Financial result	78	79
Net interest expense paid (APM)	(68)	(52)
Amortization (PPA related) (APM)	67	75
Cash adjustments (APM)	128	144
Tax rate (APM)	24.3%	24.7%
Taxed cash adjustments (APM)	97	109
Cash net profit (APM)	211	269
Share count (APM)	192	192
Cash EPS (APM)	1.10	1.40

11. "Net interest expense paid"

Definition

This is defined as "interest paid" in cash less "interest received" in cash, excluding any other financial expense or income. The purpose of this metric is to help to simplify the financial community's understanding of the cash flow statement.

Relevance of use

Management employs this metric regularly when assessing the Company's financial situation.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Interest paid	70	54
Interest received	(1)	(2)
Net interest expense paid (APM)	68	52

12. "Operating net working capital"

Definition

This is defined as the sum of the balance sheet items i) "inventories" and ii) "trade and other receivables", less "trade payables", which excludes a part of "trade and other payables" that is not entirely related to trading activities (mainly future payments of ordinary dividends and/or future payments of the acquisition price or options agreed with companies acquired, or earn-outs). This adjustment may have a relatively minor impact at the year-end, although it could be particularly relevant to some of the quarterly closings during the year.

Relevance of use

Management employs this metric regularly when analysing the Company's balance sheet and the ability to generate cash resources. As it focuses on operating activities, it provides a view of the Group's financial situation.

It is also presented as a ratio to sales, allowing comparisons between enterprises, businesses and geographies by both management and the investment community.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Trade and other payables	329	317
Dividends, earn-outs and others (APM)	(3)	(2)
Trade payables (APM)	327	314
Inventories	427	599
Trade and other receivables	273	285
Trade payables (APM)	(327)	(314)
Operating net working capital (APM)	374	569
% Operating net working capital over sales (APM)	18.2%	23.8%

13. "ROCE"

Definition

"Return on Capital Employed" is a return-on-capital measure used in the business. It is calculated as "EBITA" divided by the sum of "cash equity" and "net debt". Net debt is defined in the following section.

"Cash equity" refers to "total equity" adjusted by €527 million, which reflects the difference between the average share price for the six-month period prior to the announcement of the merger with Zodiac (€7.4 per share, the share exchange value in the merger) and the share price on the completion date (€13.7 per share, the carrying amount of the Zodiac acquisition under IFRS), multiplied by 83 million new shares issued.

"Cash equity" plus "net debt" in the denominator reflects the capital actually employed by the Company in the transaction.

"EBITA" is a performance metric which, as indicated, excludes expenses not arising in the ordinary course of business and the expense related to the amortization of intangible assets obtained through acquisitions. This enhances the comparability of returns over time, as well as in relation to other pool industry companies.

Relevance of use

Management analyses ROCE regularly when assessing the Company's profitability. This measure is also widely used by the investment community when evaluating companies from different industries and geographies.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
EBITA (APM)	355	421
Total equity	1,577	1,679
Equity adjustments (APM)	(527)	(527)
Cash equity (APM)	1,050	1,152
Net debt (APM)	1,172	1,319
ROCE (%) (APM)	16.0%	17.1%

14. "Net debt", "Net debt/EBITDA ratio" and "Net financial debt"

Definition

"Net debt" is calculated as the sum of i) "current and non-current bank borrowings and other marketable securities", ii) "current and non-current lease liabilities" and iii) "derivative financial liabilities", net of i) "cash and cash equivalents", ii) "non-current financial assets", iii) "other current financial assets" and iv) "derivative financial instruments".

"Net financial debt" is simply "Net debt" excluding lease liabilities. The "net debt/EBITDA ratio" is calculated as "Net debt" divided by "EBITDA" generated in the past 12 months.

Relevance of use

"Net debt" is the main APM used by management to measure the Company's indebtedness over time. To supplement the total debt figure presented under IFRS, management analyses the "net debt/EBITDA ratio" to assess indebtedness over time. Both metrics are broadly employed by the financial community to evaluate leverage and facilitate comparisons over time and with other businesses, as well as to value the Company.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Bank borrowings and other marketable securities	1,127	1,267
Lease liabilities	199	193
Derivative financial instruments	0	0
Cash and cash equivalents	(111)	(75)
Non-current financial assets	(4)	(5)
Other current financial assets	(6)	(6)
Derivative financial instruments	(33)	(55)
Net debt (APM)	1,172	1,319
Net debt/EBITDA ratio (APM)	2.6x	2.6x
Lease liabilities	199	193
Net financial debt (APM)	973	1,126

15. “CapEx”

Definition

“CapEx” or “capex” (“Capital Expenditures”) is defined as the “acquisition of property, plant and equipment” plus the “acquisition of intangible assets”.

Relevance of use

It is a measure of the investment effort made in each period in terms of assets for the various businesses. It reveals the allocation of resources and facilitates comparisons of investment efforts made in different periods. CapEx is made up of maintenance and growth investments. It is a common metric used by both management and the financial community.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
Acquisition of property, plant and equipment	38	50
Acquisition of intangible assets	26	29
CapEx (APM)	64	78

Note: As from 31/12/2023, the adjustment for changes under fixed asset suppliers is no longer made when calculating CapEx (this item amounted to €1 million at 31/12/2022).

16. “Free cash flow”

Definition

“Free cash flow” is defined as the sum of: i) “CF from operating activities”, ii) “CF from investing activities” and iii) “financing cash flow”, which excludes the net effect of bank borrowings.

Relevance of use

Management considers this measure to be useful for understanding the Company's ability to generate available cash for distribution to shareholders, reduction of leverage and/or external growth opportunities.

Reconciliation

Figures in millions of euros	31/12/2023	31/12/2022
EBITDA (APM)	445	512
Net interest expense paid (APM)	(68)	(52)
Corporate income tax paid	(33)	(93)
Operating working capital	155	(229)
Other operating cash flow	(70)	(17)
CF from operating activities	429	120
CapEx (APM)	(64)	(78)
Acquisitions / divestments (APM)	(34)	(26)
Other investment cash flow	4	10
CF from investing activities	(94)	(94)
Payments for lease liabilities	(40)	(33)
Treasury stock, net (APM)	0	(60)
Dividends paid	(134)	(163)
Financing cash flow (APM)	(174)	(255)
Free cash flow (APM)	160	(229)

Profit /(loss) for the year before tax to EBITDA reconciliation	31/12/2023	31/12/2022
Profit /(loss) for the year before tax	158	225
Financial result	78	79
D&A (APM)	158	165
Restructuring, M&A and integration expenses (APM)	42	27
Stock based compensation (APM)	9	15
EBITDA (APM)	445	512

Interim condensed consolidated financial statements

The financial statements included in this document are an extract from Fluidra's FY 2023 Interim condensed consolidated financial statements

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Financial Position 31 December 2023 and 2022

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Assets	12/31/2023	12/31/2022
Property, plant, and equipment	185,336	184,039
Investment property	2,944	1,894
Goodwill	1,297,026	1,307,022
Other intangible assets	876,567	946,229
Right-of-use assets	179,774	173,615
Investments accounted for using the equity method	830	828
Non-current financial assets	4,060	4,697
Derivative financial instruments	32,464	54,621
Other receivables	1,872	3,597
Deferred tax assets	102,199	123,051
Total non-current assets	2,683,072	2,799,593
Non-current assets held for sale	6,289	7,656
Inventories	427,061	599,093
Trade and other receivables	273,356	284,808
Other current financial assets	6,320	6,179
Derivative financial instruments	38	465
Cash and cash equivalents	111,303	75,151
Total current assets	824,367	973,352
TOTAL ASSETS	3,507,439	3,772,945
Equity		
Share capital	192,129	192,129
Share premium	1,148,591	1,148,591
Retained earnings and other reserves	220,436	336,630
Treasury shares	(42,155)	(112,692)
Other comprehensive income	48,556	105,192
Equity attributable to equity holders of the parent	1,567,557	1,669,850
Non-controlling interests	9,012	8,831
Total equity	1,576,569	1,678,681
Liabilities		
Bank borrowings and other marketable securities	1,087,110	1,120,108
Lease liabilities	153,535	152,725
Deferred tax liabilities	204,078	242,061
Provisions	11,365	10,893
Government grants	126	173
Other non-current liabilities	5,084	6,659
Total non-current liabilities	1,461,298	1,532,619
Liabilities linked to non-current assets held for sale	3,553	3,990
Bank borrowings and other marketable securities	40,303	146,823
Lease liabilities	45,531	40,414
Trade and other payables	329,389	316,967
Provisions	50,791	53,263
Derivative financial instruments	5	188
Total current liabilities	469,572	561,645
Total liabilities	1,930,870	2,094,264
TOTAL EQUITY AND LIABILITIES	3,507,439	3,772,945

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Income Statement for the years ended 31 december 2023 and 2022

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	12/31/2023	12/31/2022
Operating income		
Sales of goods and finished products	2,050,708	2,389,205
Income from the rendering of services	32,788	39,232
Work performed by the Group and capitalised as non-current assets	22,133	20,888
Total operating income	2,105,629	2,449,325
Operating expenses		
Changes in inventories of finished goods and work in progress and raw material supplies	(961,060)	(1,169,618)
Personnel expenses	(385,692)	(414,537)
Depreciation and amortisation expenses and impairment losses	(157,820)	(165,385)
Other operating expenses	(365,910)	(395,609)
Total operating expenses	(1,870,482)	(2,145,149)
Other gains and losses		
Profit/(loss) from sales of fixed assets	909	136
Total other gains and losses	909	136
Operating profit	236,056	304,312
Finance income / (cost)		
Finance income	2,231	3,328
Finance cost	(64,575)	(62,145)
Right-of-use finance cost	(8,130)	(6,549)
Exchange gains/(losses)	(7,462)	(13,904)
Financial result	(77,936)	(79,270)
Share in profit/(loss) for the year from investments accounted for using the equity method	24	71
Profit/(loss) before tax from continuing operations	158,144	225,113
Income tax expense	(41,293)	(60,710)
Profit/(loss) after tax from continuing operations	116,851	164,403
Profit/(loss) attributable to non-controlling interests	3,024	4,472
Profit/(loss) attributable to equity holders of the parent	113,827	159,931
Basic earnings/(loss) per share (euros)	0.60023	0.84807
Diluted earnings/(loss) per share (euros)	0.60023	0.84807

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Cash Flow Statement for the years ended 31 December 2023 and 2022

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	2023	2022
Cash flows from operating activities		
Profit /(loss)for the year before tax	158,144	225,113
Adjustments for:		
Amortisation and depreciation	157,276	157,103
Adjustments due to impairment of receivables	3,738	(3,289)
Provision for/(reversal of) impairment losses on assets	544	8,282
Provision for/(reversal of) impairment losses on financial assets	50	(150)
Provision for/(reversal of) losses on risks and expenses	(851)	246
Provision for/(reversal) of losses on inventories	2,567	13,177
Income from financial assets	(1,385)	(1,930)
Finance cost	72,152	68,454
Exchange (gains)/losses	7,462	13,904
Share in profit/(loss) for the year from associates accounted for using the equity method	(24)	(71)
(Profit)/loss on the sale of property, plant and equipment and other intangible assets	(948)	(1,133)
(Profit)/loss on the sale of subsidiaries	39	997
Government grants recognised in profit and loss	(47)	(53)
Share-based payment expenses	(23,519)	14,913
(Profit)/loss on financial instruments at fair value through profit or loss	(343)	(1,008)
Operating profit before changes in working capital	374,855	494,555
Changes in working capital, excluding effects of acquisitions and currency translation differences		
Increase/decrease in trade and other receivables	(13,861)	(9,468)
Increase/(decrease) in inventories	162,624	(116,576)
Increase/(decrease) in trade and other payables	7,060	(101,399)
Utilisation of provisions	(979)	(1,322)
Cash from operating activities	529,699	265,790
Interest paid	(69,568)	(53,949)
Interest received	1,385	1,930
Corporate income tax paid	(32,586)	(93,495)
Cash flows from operating activities (*)	428,930	120,276

	2023	2022
Cash flows from investing activities		
From the sale of property, plant and equipment	2,746	4,649
From the sale of other intangible assets	504	400
From the sale of financial assets	8,297	8,904
Proceeds from the sale of subsidiaries, net of drawn down cash	—	250
Acquisition of property, plant and equipment	(38,154)	(49,641)
Acquisition of intangible assets	(25,976)	(28,728)
Acquisition of other financial assets	(7,488)	(3,601)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	(26,841)	(20,750)
Payments for acquisitions of subsidiaries in prior years	(7,349)	(5,834)
Cash flows from investing activities (*)	(94,261)	(94,351)
Cash flows from financing activities		
Payments for repurchase of treasury shares	(152,044)	(237,420)
Proceeds from the sale of treasury shares	151,627	177,613
Proceeds from bank borrowings	—	1,109,986
Payments for bank borrowings	(119,106)	(892,569)
Payments for lease liabilities	(39,992)	(32,715)
Dividends paid	(133,774)	(162,880)
Cash flows from financing activities (*)	(293,289)	(37,985)
Net increase/(decrease) in cash and cash equivalents	41,380	(12,060)
Cash and cash equivalents at 1 January	78,656	90,118
Effect of currency translation differences on cash flows	(7,156)	598
Cash and cash equivalents at 31 December	112,880	78,656