

FLUIDRA

FLUIDRA S.A. and Subsidiaries

**Consolidated Balance Sheet; Income Statement; Cash Flow Statement and
other selected data.**

September 30, 2019

Delivered pursuant to Section 5.4 of the credit agreements of Fluidra S.A. signed July 2, 2018

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Nature and principal activities of the Group.

Fluidra, S.A. (hereinafter the Company) was incorporated as a limited liability company for an indefinite period in Girona on October 3, 2002 under the name Aquaria de Inv. Corp., S.L., and changed to its current name on September 17, 2007.

The Company's corporate purpose and activity consists in the holding and use of equity shares, securities and other stock, and advising, managing and administering the companies in which the Company holds an ownership interest.

The Company is domiciled at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Group's activities consist in the manufacture and distribution of equipment, accessories and consumables for swimming-pools, irrigation and water treatment.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in the accompanying Appendix I of the consolidated financial statements for the year 2018 (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interests in other entities, which are also detailed in Appendix I.

Fluidra's share capital consists of 112.629.070 ordinary shares with a par value of Euro 1 each, fully subscribed. On October 31, 2007, the "Company" completed its initial public offering process through the public offering of 44.082.943 ordinary shares with a par value of Euro 1 each.

These shares representing share capital are listed on the Barcelona and Madrid stock exchanges, and also on the continuous market.

On July 2, 2018 Fluidra, S.A. carried out a capital increase for a nominal amount of Euro 83.000.000 by issuing and circulating 83,000,000 new ordinary shares of Euro 1 par value each, which were fully subscribed by the sole shareholder of Piscine Luxembourg Holdings 2 S.à r.l. (penultimate holder of the Luxembourgian company Zodiac Pool Solutions S.à.r.l. holding company of the Zodiac Group) without entitlement, as per article 304.2 of the Spanish Corporations Act, to any preferential subscription rights. The difference between the fair value of the equity received by Fluidra, S.A. by virtue of the merger and the par value of the new shares was allocated to share premium. With this capital increase, the combination of the businesses of the Fluidra Group and the Zodiac Group has been achieved.

For accounting purposes, this merger will be treated like a direct acquisition, wherein Fluidra, S.A. will be considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. will be measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations).

Basis of Preparation

This Balance Sheet, Income Statement and Cash Flow Statement have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group. This Balance Sheet, Income Statement and Cash Flow Statement have been prepared in accordance with the International Financial Reporting Standards. These financial statements do not include all disclosures required for annual financial statements, nor for IAS 34 "Interim Financial Reporting" as adopted by the European Union (IFRS-EU) and shall be read together with the consolidated financial statements for the years ended December 31, 2018 and 2017 prepared in accordance with IFRS-EU.

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Selected Definitions

Consolidated Adjusted EBITDA (“EBITDA”): represents the Group’s operating result before depreciation, amortization, impairment losses, and unusual and non-recurring adjustments, as defined in Fluidra’s credit agreements.

Consolidated Total Debt: as defined in Fluidra’s credit agreements, it means the aggregate principal amount of funded Indebtness of Holdings and its Restricted Subsidiaries outstanding on such date and determined on a consolidation basis.

The Group in the annual financial statements includes a definition for EBITDA (referred to as Reported EBITDA) and Net Financial Debt. These two magnitudes are periodically reported to shareholders and included in the annual financial statements, therefore we have included a reconciliation between them and those required by the credit agreements mentioned above.

Business Overview

For the Business Overview please refer to www.fluidra.com - Shareholders and Investors - Regulatory Filings – 2019 3rd Quarter Results.

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BALANCE SHEET

(Thousands of Euros)

	<u>Assets</u>	<u>30/09/2019</u>	<u>30/09/2018</u>
Property, Plant and Equipment		108.721	115.856
Investment property		3.185	3.239
Goodwill		1.094.198	1.115.007
Other intangible assets		772.459	778.567
Rights of Use		107.906	-
Equity accounted investments		-	26
Non-current financial assets		7.923	5.319
Other account receivables		5.972	2.416
Deferred tax assets		90.387	86.492
Total non- current assets		<u>2.190.751</u>	<u>2.106.922</u>
Non-current assets held for sale		-	42.127
Inventories		286.357	255.114
Trade and other receivables		277.817	276.782
Other current financial assets		7.583	5.322
Derivative financial instruments		687	324
Cash and cash equivalents		263.165	194.961
Total current assets		<u>835.609</u>	<u>774.630</u>
TOTAL ASSETS		<u><u>3.026.360</u></u>	<u><u>2.881.552</u></u>
	<u>Equity</u>		
Share Capital		195.629	195.629
Share Premium		1.148.591	1.148.591
Retained earnings and other reserves		126.127	118.349
Treasury shares		(13.986)	(8.510)
Other comprehensive income		(12.228)	(2.966)
Equity attributed to equity holders of the parent		<u>1.444.133</u>	<u>1.451.093</u>
Non-controlling interests		<u>8.111</u>	<u>8.038</u>
Total equity		<u><u>1.452.244</u></u>	<u><u>1.459.131</u></u>
	<u>Liabilities</u>		
Debt, Bank Borrowings and other marketable securities		871.812	856.004
Lease liabilities		85.270	-
Derivative financial instruments		17.913	-
Deferred tax liabilities		195.094	209.965
Provisions		15.782	21.202
Government grants		307	381
Other non-current liabilities		18.485	26.710
Total non-current liabilities		<u>1.204.663</u>	<u>1.114.262</u>
Debt, Bank Borrowings and other marketable securities		64.677	29.221
Lease liabilities		22.056	-
Trade and other payables		255.477	253.113
Provisions		26.971	20.044
Derivative financial instruments		272	2
Total current liabilities		<u>369.453</u>	<u>308.159</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3.026.360</u></u>	<u><u>2.881.552</u></u>

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(Thousands of Euros)	30/09/2019	30/09/2018
Operating Income		
Sales of goods and finished products	1.062.745	741.517
Income from the rendering services	19.523	13.759
Work performed by the Group and capitalised as non-current assets	10.498	4.776
Total operating income	1.092.766	760.052
Operating expenses		
Change in inventories of finished products, work in progress and raw material consumables	(521.322)	(400.132)
Employees benefits expenses	(214.114)	(152.355)
Depreciation and amortization expenses and impairment	(94.707)	(45.455)
Other operating expenses	(187.465)	(163.543)
Total operating expenses	(1.017.608)	(761.485)
Other profit / (loss)		
Profit on sales of assets	(738)	(43)
Total other profit / (loss)	(738)	(43)
Operating profit	74.420	(1.476)
Finance income / (expenses)		
Finance income	1.920	1.289
Finance costs	(36.904)	(18.112)
Financial Expenses of Lease Liabilities	(3.567)	-
Exchange gains / (losses)	2.707	(502)
Net financial income / (loss)	(35.844)	(17.325)
Profit / (loss) before tax from continuing operations	38.548	(18.759)
Income tax expense	(11.278)	1.657
Profit / (loss) after tax from continuing operations	27.270	(17.102)
Profit / (loss) after tax from discontinued operations	(114)	412
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	27.156	(16.690)
Profit attributed to non-controlling interest	3.164	1.772
Profit attributed to equity holders of the parent	23.992	(18.462)
From continuing operations	24.106	(18.874)
From discontinued operations	(114)	412
EBITDA	169.099	44.021

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(Thousands of Euros)

30/09/2019

Cash flows from operating activities

Profit of the year before tax	38.434
<i>Adjustments for:</i>	
Amortization and depreciation	94.628
Provision for bad debts	3.314
Provision for / (reversal of) impairment losses on financial assets	361
Provision for / (reversal of) impairment losses on risks and expenses	3.463
Provision for / (reversal of) impairment losses on inventories	(862)
Income from financial assets	39.245
Financial expenses	0
(Beneficios)/pérdidas en la venta de entidades asociadas	(2.707)
(Income) / expenses from currency translation differences	28
Share in profit / (loss) for the year from associates accounted for using equity method	(361)
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	1.214
(Beneficios)/pérdidas en la venta de entidades dependientes	(60)
Government grants recognized in profit and loss	9.527
Shared-based payment expenses	
Adjustments to consideration given against gains/losses on business combinations	284
(Gains) / losses from derivative financial instruments at fair value	(122)
Operating profit before changes in working capital	186.465
Change in working capital, excluding effects of acquisitions and currency translation differences	
Increase / (decrease) in trade and other receivables	13.143
Increase / (decrease) in inventories	(43.223)
Increase / (decrease) in trade and other payables	(15.597)
Utilization of provisions	(756)
Cash Flows from operating activities	140.032
Interest paid	(35.965)
Interest received	768
Corporate income tax paid	4.544
Net Cash Flows from operating activities	109.379

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<u>Cash Flows from investing activities</u>	<u>30/09/2019</u>
From the sale of property, plant and equipment	2.847
From the sale of other intangible assets	28
From the sale of financial assets	1.896
Proceeds from the sale of subsidiaries, net of cash used	25.983
Acquisition of property, plant and equipment	(18.576)
Acquisition of intangible assets	(13.481)
Acquisition of financial assets	(5.076)
Payments for acquisitions of subsidiaries in prior years	(6.316)
Net Cash Flows used in investing activities	<u><u>(12.695)</u></u>
<u>Cash Flows from financing activities</u>	
Payments for repurchase of treasury shares	(9.784)
Proceeds from the sale of treasury shares	675
Proceeds from grants	47
Proceeds from bank borrowings and other	30.813
Payments from bank borrowings, finance leases and others	(25.840)
Payments from leases liabilities (IFRS- 16)	(9.840)
Dividends paid	(2.103)
Net Cash Flows from financing activities	<u><u>(16.032)</u></u>
Net increase / (decrease) in cash and cash equivalents	80.652
Cash and cash equivalents as of January 1, 2019	181.233
Effect of currency translation differences on cash	1.280
Cash and cash equivalents as of September 30, 2019	<u><u>263.165</u></u>

Note: This cash flow includes cash flows arising from continuing and discontinued operations.

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Calculation and Reconciliation of EBITDA

(in millions of Euros)	Sept 19 LTM
Net Profit attributed to equity holders of the parent company	8,6
Income Tax Expense	16,8
Finance Income	(2,6)
Finance Costs	50,4
Exchange gains / (losses)	(1,8)
Depreciation & Amortisation Expense & Impairment	116,0
Minority Interest	3,4
Profit from discontinued operations	(0,5)
Reported EBITDA	190,4
Stock Value Mark-up (Acquisition Purchase Price Allocation)	0,1
Non Recurring Transaction & Integration Costs	35,8
EBITDA discontinued Operations Aquatron	(1,0)
Share based payment expense	16,3
Run Rate synergies	8,9
Profit/Loss from sale of subsidiaries	(1,5)
Adjusted EBITDA October 18 - September 19 ⁽¹⁾	249,1

(1) EBITDA Sept 2019 includes effect IFRS-16 (17,7 M €)

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(in millions of Euros)	At 30 September 2019
First-lien credit facility	894,4
Asset-based lending facility	4,1
Other debt	53,3
Total debt	951,8
Unamortized debt issuance costs	(15,3)
Debt, current and non-current	936,5
Current portion of first-lien credit facility	9,1
Asset-based lending facility	4,1
Current portion of other debt	53,0
Debt, current	66,2
Debt, non-current	870,3
Cash and Cash Equivalents	263,2
Non Current Financial Assets	7,9
Current Financial Assets	7,6
Derivative Instruments	(17,5)
Total Cash & Financial Assets	261,2
Net Financial Debt as per Group Definition	675,3

Disclaimer

Data included in this report is unaudited. This release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction. Various statements contained in this document constitute “forward-looking statements”.

Words like “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “objectives”, “outlook”, “probably”, “project”, “will”, “seek”, “target” and other words of similar meaning identify these forward-looking statements. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate.

The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events: negative or uncertain worldwide economic conditions; volatility and cyclicality in the markets in which we operate; volatility in the costs and availability of raw materials; operational risks inherent in pool industry, including disruptions as a result of severe weather conditions, natural disasters; our dependence on major customers; competition in the industries in which we operate; our ability to develop new products and technologies successfully; our ability to implement our business strategies successfully; our ability to realise benefits from investments, joint ventures, acquisitions or alliances; environmental, safety and other regulatory requirements, and the related costs of maintaining compliance and addressing liabilities; litigation or legal proceedings, including product liability claims; enforceability of our intellectual property rights; fluctuations in foreign currency exchange and interest rates; information technology systems failures, network disruptions and breaches of data security; our ability to recruit or retain key management and personnel; relationships with our workforce, including negotiations with labour unions, strikes and work stoppages; political or country risks, or dislocations in credit and capital markets; decreases in the fair value of our business and potential impairments or write-offs of certain assets; the adequacy of our insurance coverage; and changes in our jurisdictional earnings mix or in the tax laws of those jurisdictions.

We caution readers not to place undue reliance on any forward-looking statements contained herein, which speak only as of the date of this document, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

In any event, Fluidra S.A. provides information on these and other factors that may affect the Company’s forward-looking statements, business and financial results in documents filed with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores). We invite all interested persons or entities to consult these documents.