

FLUIDRA S.A. and Subsidiaries

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

December 31, 2021

Delivered pursuant to Section 5.4 of the credit agreements of Fluidra S.A. signed July 2, 2018¹

¹ As of January 27, 2022, the credit agreements of July 2, 2018 are no longer in force in view of the new Amended and Restated Credit and Guaranty Agreement subscribed on such date, thus this document is provided for informational purposes only.

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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 Alcalde Barnils, nº 69, in Sant Cugat del Vallés (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 2020 (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.

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, according to the going concern principle. 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, 2020 and 2019 prepared in accordance to IFRS-EU.

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 – 2021 4th Quarter Results.

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BALANCE SHEET

(Thousands of Euros)

	<u>Assets</u>	31/12/2021	31/12/2020
Fixed Assets		160.673	117.941
Investment Property		2.139	2.940
Goodwill		1.316.466	1.075.483
Other Intangible Assets		899.726	641.717
Rights of Use		151.599	101.714
Equity-Accounted Investments		735	28
Non-Current Financial Assets		4.452	4.384
Other Receivables		3.770	3.680
Deferred Tax Assets		111.080	90.389
Total non- current assets		2.650.640	2.038.276
Non-current assets held for sale		4.934	-
Inventories		494.014	281.838
Trade and other receivables		256.651	249.341
Other current financial assets		10.794	10.867
Derivative financial instruments		491	10
Cash and cash equivalents		87.808	225.631
Total current assets		854.692	767.687
TOTAL ASSETS		3.505.332	2.805.963
	<u>Equity</u>		
Share Capital		195.629	195.629
Share Premium		1.148.591	1.148.591
Retained earnings and other reserves		435.971	227.648
Interim dividend		-	(40.752)
Treasury shares		(168.491)	(35.841)
Other comprehensive income		2.384	(73.969)
Equity attributed to equity holders of the parent		1.614.084	1.421.306
Non-controlling interests		8.349	6.734
Total equity		1.622.433	1.428.040
	<u>Liabilities</u>		
Debt with Financial Institutions		696.041	671.102
Lease liabilities		136.526	91.694
Derivative financial instruments		7.191	15.987
Deferred tax liabilities		221.938	165.365
Provisions		13.034	13.636
Government grants		217	241
Other non-current liabilities		9.918	18.602
Total non-current liabilities		1.084.865	976.627
Liabilities linked to non-current assets held for sale		1.686	-
Debt with Financial Institutions		301.957	20.013
Lease liabilities		31.141	22.454
Trade and other payables		412.239	319.696
Provisions		50.830	37.602
Derivative financial instruments		181	1.531
Total current liabilities		798.034	401.296
TOTAL EQUITY AND LIABILITIES		3.505.332	2.805.963

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(Thousands of Euros)	31/12/2021	31/12/2020
Operating Income		
Sales of goods and finished products	2.186.919	1.488.108
Revenues from Services Rendered	31.659	22.752
Work performed by the Group and capitalised as non-current assets	15.106	14.848
Total operating income	2.233.684	1.525.708
Operating expenses		
Changes in Inventories of Finished Goods and Work in Progress and Consumables of Raw Materials	(1.031.424)	(702.053)
Employee Benefits Expense	(363.731)	(272.436)
Depreciation and amortization expenses and impairment losses	(124.698)	(117.981)
Other operating expenses	(332.517)	(248.789)
Total operating expenses	(1.852.370)	(1.341.259)
Other profit / (loss)		
Profit / (loss) from sale of fixed assets	349	(386)
Total other profit / (loss)	349	(386)
Operating profit	381.663	184.063
Finance income / (expenses)		
Finance income	2.612	7.378
Finance expenses	(35.383)	(37.927)
Financial Expenses of Lease Liabilities	(5.465)	(4.861)
Exchange gains / (losses)	(5.943)	(9.660)
Net financial income / (expense)	(44.179)	(45.070)
Share in profit / (loss) for the year from investments accounted for using the equity		
Profit / (loss) before tax from continuing operations	5	28
Profit / (loss) before tax from discontinued operations	337.489	139.021
Income tax expense	(81.521)	(39.118)
Profit / (loss) after tax from continuing operations	255.968	99.903
Profit / (loss) after tax from discontinued operations	-	-
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	255.968	99.903
Profit attributed to non-controlling interest	3.605	3.515
Profit attributed to equity holders of the parent	252.363	96.388
From continuing operations	252.363	96.388
From discontinued operations	-	-
EBITDA	506.366	302.072

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(Thousands of Euros)

31/12/2021 31/12/2020

Cash flows from operating activities

Profit of the year before tax	337.489	139.021
<i>Adjustments for:</i>		
Amortization and depreciation	122.602	116.326
Adjustments due to impairment of receivables	361	3.720
Provision for / (reversal of) impairment losses on assets	2.096	1.655
Provision for / (reversal of) impairment losses on financial assets	342	493
Provision for / (reversal of) impairment losses on risks and expenses	8.994	11.936
Provision for / (reversal of) impairment losses on inventories	683	47
Income from financial assets	(661)	(5.318)
Finance cost	37.767	40.425
(Profit) / Loss from the sale of associates	(123)	0
Exchange (gains) / losses	5.943	9.660
Share in profit / (loss) for the year from associates accounted for using equity method	(5)	(28)
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	(349)	295
(Profit)/losses on the sale of subsidiaries	0	91
Government grants recognized in profit and loss	(89)	(86)
Shared-based payment expenses	26.505	9.091
Adjustments to consideration given against gains/losses on business combinations	2.739	(1.195)
(Profit) / losses from derivative financial instruments at fair value	(1.828)	1.004
Operating profit before changes in working capital	542.466	327.137
Change in working capital, excluding effects of acquisitions and currency translation differences		
Increase / (decrease) in trade and other receivables	31.917	55.909
Increase / (decrease) in inventories	(171.661)	(19.255)
Increase / (decrease) in trade and other payables	70.516	(2.189)
Utilization of provisions	(523)	(195)
Cash Flows from operating activities	472.715	361.407
Interest paid	(33.810)	(39.459)
Interest received	628	5.306
Corporate income tax paid	(96.949)	(35.190)
Net Cash Flows from operating activities	342.584	292.064

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<u>Cash Flows from investing activities</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
From the sale of property, plant and equipment	1.780	655
From the sale of other intangible assets	496	141
From the sale of financial assets	7.547	3.406
Proceeds from the sale of subsidiaries, net of cash used	-	(344)
Proceeds from the sale of subsidiaries in prior years	105	730
Acquisition of property, plant and equipment	(42.869)	(21.839)
Acquisition of intangible assets	(28.553)	(19.476)
Acquisition of other financial assets	(6.765)	(4.477)
Payments for acquisitions of subsidiaries , net of cash and cash equivalents	(415.628)	(10.637)
Payments for acquisitions of subsidiaries in prior years	(20.215)	(8.837)
Net Cash Flows used in investing activities	<u>(504.102)</u>	<u>(60.678)</u>
 <u>Cash Flows from financing activities</u>		
Payments for repurchase of treasury shares	(277.955)	(37.735)
Proceeds from the sale of treasury shares	191.848	21.815
Proceeds from grants	74	14
Proceeds from bank financing	385.430	42.976
Payments from bank borrowings	(177.392)	(202.093)
Lease liability payments	(26.238)	(20.328)
Dividends paid	(77.646)	(42.817)
Net Cash Flows from financing activities	<u>18.121</u>	<u>(238.168)</u>
Net increase / (decrease) in cash and cash equivalents	(143.397)	(6.782)
Cash and cash equivalents as of January 1, 2021	225.631	242.240
Effect of currency translation differences on cash	7.884	(9.827)
Cash and cash equivalents as of December 31, 2021	<u>90.118</u>	<u>225.631</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)	December 21 LTM
Net Profit attributed to equity holders of the parent company	252,4
Income Tax Expense	81,5
Finance Income	(2,6)
Finance Costs	40,8
Exchange gains / (losses)	5,9
Depreciation & Amortisation Expense & Impairment	124,7
Minority Interest	3,6
Reported EBITDA	506,4
Integration related and other Non-Recurring Expenses	15,5
Share based payment expense	26,5
Run Rate synergies	0,5
Profit/Loss from sale of subsidiaries	0,0
EBITDA January 21 - December 21	548,8

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(in millions of Euros)

At 31
December 2021

First-lien credit facility	712,9
Asset-based lending facility	41,5
Other debt	255,4
Total debt	1009,7
Unamortized debt issuance costs	(11,7)
Debt, current and non-current	998,0
Current portion of first-lien credit facility	7,3
Asset-based lending facility	41,5
Current portion of other debt	128,0
Debt, current	176,8
Debt, non-current	821,2
Lease liabilities	167,7
Cash and Cash Equivalents	87,8
Non Current Financial Assets	4,5
Current Financial Assets	10,8
Derivative Instruments	(6,9)
Total Cash & Financial Assets	96,2
Net Financial Debt as per Group Definition	901,8
Net Debt as per Group Definition	1069,5

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 cyclicalities 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.