

FLUIDRA

FLUIDRA S.A. and Subsidiaries

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

June 30, 2019

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

Fluidra S.A. and Subsidiaries
June 30, 2019

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 2nd Quarter Results.

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BALANCE SHEET

(Thousands of Euros)

<u>Assets</u>	<u>30/06/2019</u>	<u>30/06/2018</u>
Property, Plant and Equipment	109.584	94.789
Investment property	3.204	3.259
Goodwill	1.093.978	177.990
Other intangible assets	761.338	28.916
Rights of Use	109.281	-
Equity accounted investments	8	26
Non-current financial assets	6.865	4.417
Other account receivables	5.754	3.333
Deferred tax assets	83.862	17.723
Total non- current assets	2.173.874	330.453
Non-current assets held for sale	-	37.190
Inventories	307.228	194.549
Trade and other receivables	415.185	270.098
Other current financial assets	8.457	4.579
Derivative financial instruments	306	2.378
Cash and cash equivalents	183.687	52.603
Total current assets	914.863	561.397
TOTAL ASSETS	<u>3.088.737</u>	<u>891.850</u>
<u>Equity</u>		
Share Capital	195.629	112.629
Share Premium	1.148.591	92.831
Retained earnings and other reserves	129.536	169.280
Treasury shares	(10.411)	(8.035)
Other comprehensive income	(16.285)	(1.868)
Equity attributed to equity holders of the parent	1.447.060	364.837
Non-controlling interests	7.371	9.585
Total equity	<u>1.454.431</u>	<u>374.422</u>
<u>Liabilities</u>		
Debt, Bank Borrowings and other marketable securities	854.677	4.393
Lease liabilities	85.280	-
Derivative financial instruments	16.517	-
Deferred tax liabilities	193.126	19.680
Provisions	15.550	11.551
Government grants	310	400
Other non-current liabilities	19.175	25.151
Total non-current liabilities	1.184.635	61.175
Debt, Bank Borrowings and other marketable securities	68.264	266.376
Lease liabilities	22.418	-
Trade and other payables	332.130	176.901
Provisions	26.841	5.295
Derivative financial instruments	18	19
Total current liabilities	449.671	456.253
TOTAL EQUITY AND LIABILITIES	<u>3.088.737</u>	<u>891.850</u>

Fluidra S.A. and Subsidiaries**June 30, 2019**

(Thousands of Euros)

	30/06/2019	30/06/2018
Operating Income		
Sales of goods and finished products	753.204	450.339
Income from the rendering services	12.880	9.251
Work performed by the Group and capitalised as non-current assets	6.787	2.082
Total operating income	<u>772.871</u>	<u>461.672</u>
Operating expenses		
Change in inventories of finished products, work in progress and raw material consumables	(363.530)	(222.814)
Employees benefits expenses	(146.799)	(87.720)
Depreciation and amortization expenses and impairment	(61.835)	(15.910)
Other operating expenses	(129.072)	(86.952)
Total operating expenses	<u>(701.236)</u>	<u>(413.396)</u>
Other profit / (loss)		
Profit on sales of assets	(1.115)	(42)
Total other profit / (loss)	<u>(1.115)</u>	<u>(42)</u>
Operating profit	<u>70.520</u>	<u>48.234</u>
Finance income / (expenses)		
Finance income	996	3.936
Finance costs	(23.694)	(5.689)
Financial Expenses of Lease Liabilities	(2.324)	-
Exchange gains / (losses)	(757)	(2.728)
Net financial income / (loss)	<u>(25.779)</u>	<u>(4.481)</u>
Profit / (loss) before tax from continuing operations	<u>44.722</u>	<u>43.795</u>
Income tax expense	(13.221)	(12.967)
Profit / (loss) after tax from continuing operations	<u>31.501</u>	<u>30.828</u>
Profit / (loss) after tax from discontinued operations	(114)	2.654
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	31.387	33.482
Profit attributed to non-controlling interest	2.724	1.295
Profit attributed to equity holders of the parent	<u>28.663</u>	<u>32.187</u>
From continuing operations	28.777	29.533
From discontinued operations	(114)	2.654
EBITDA	<u>132.336</u>	<u>64.186</u>

Fluidra S.A. and Subsidiaries
June 30, 2019

(Thousands of Euros)

30/06/2019

Cash flows from operating activities

Profit of the year before tax	44.608
<i>Adjustments for:</i>	
Amortization and depreciation	61.835
Provision for bad debts	2.285
Provision for / (reversal of) impairment losses on financial assets	79
Provision for / (reversal of) impairment losses on risks and expenses	726
Provision for / (reversal of) impairment losses on inventories	2.874
Income from financial assets	(778)
Financial expenses	25.682
(Income) / expenses from currency translation differences	757
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	15
Government grants recognized in profit and loss	(56)
Shared-based payment expenses	6.902
(Gains) / losses from derivative financial instruments at fair value through profit or loss	5
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Operating profit before changes in working capital	146.168
Change in working capital, excluding effects of acquisitions and currency translation differences	
Increase / (decrease) in trade and other receivables	(119.169)
Increase / (decrease) in inventories	(58.873)
Increase / (decrease) in trade and other payables	58.084
Utilization of provisions	(553)
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Cash Flows from operating activities	25.657
Interest paid	(23.517)
Interest received	719
Corporate income tax paid	(1.093)
Net Cash Flows from operating activities	<u>1.767</u>

Fluidra S.A. and Subsidiaries
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<u>Cash Flows from investing activities</u>	<u>30/06/2019</u>
From the sale of property, plant and equipment	1.879
From the sale of other intangible assets	20
From the sale of financial assets	1.106
Cobros por Ventas de sociedades dependientes, neto del efectivo dispuesto	25.983
Acquisition of property, plant and equipment	(13.905)
Acquisition of intangible assets	(9.341)
Acquisition of financial assets	(4.305)
Payments for acquisitions of subsidiaries in prior years	(1.432)
Net Cash Flows used in investing activities	<u><u>5</u></u>
<u>Cash Flows from financing activities</u>	
Payments for repurchase of treasury shares	(5.831)
Proceeds from the sale of treasury shares	297
Proceeds from grants	47
Proceeds from bank borrowings and other	30.770
Payments from bank borrowings, finance leases and others	(19.057)
Payments from leases liabilities (IFRS- 16)	(4.975)
Dividends paid	(1.724)
Net Cash Flows from financing activities	<u><u>(474)</u></u>
Net increase / (decrease) in cash and cash equivalents	1.297
Cash and cash equivalents as of January 1, 2019	181.233
Effect of currency translation differences on cash	1.158
Cash and cash equivalents as of June 30, 2019	<u><u>183.687</u></u>

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

Fluidra S.A. and Subsidiaries
June 30, 2019

Calculation and Reconciliation of EBITDA

(in millions of Euros)	June 19 LTM
Net Profit attributed to equity holders of the parent company	(34,6)
Income Tax Expense	4,1
Finance Income	1,0
Finance Costs	48,4
Exchange gains / (losses)	(0,5)
Depreciation & Amortisation Expense & Impairment	112,7
Minority Interest	3,4
Profit from discontinued operations	(0,9)
Reported EBITDA	133,5
Stock Value Mark-up (Acquisition Purchase Price Allocation)	31,5
Non Recurring Transaction & Integration Costs	49,5
EBITDA discontinued Operations Aquatron	0,4
Share based payment expense	17,2
Run Rate synergies	7,0
Profit/Loss from sale of subsidiaries	(1,5)
Adjusted EBITDA July 18 - June 19 ⁽¹⁾	237,6

(1) EBITDA June 2019 includes effect IFRS-16 (11,4 M €)

Fluidra S.A. and Subsidiaries
June 30, 2019

(in millions of Euros)

At 30 June
2019

First-lien credit facility	876,7
Asset-based lending facility	15,0
Other debt	44,7
Total debt	936,4
Unamortized debt issuance costs	(13,4)
Debt, current and non-current	922,9
Current portion of first-lien credit facility	8,9
Asset-based lending facility	15,0
Current portion of other debt	43,7
Debt, current	67,6
Debt, non-current	855,4
Cash and Cash Equivalents	183,7
Non Current Financial Assets	6,9
Current Financial Assets	8,5
Derivative Instruments	(16,2)
Total Cash & Financial Assets	182,8
Net Financial Debt as per Group Definition	740,2

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.