



FLUIDRA S.A. and Subsidiaries

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

December 31, 2019

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

Fluidra S.A. and Subsidiaries
December 31, 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 2019 (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. The 2019 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU). Please refer to published and audited Consolidated Annual Accounts and Consolidated Directors Report for further details.

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 4th Quarter Results.

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BALANCE SHEET

(Thousands of Euros)

<u>Assets</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
Property, Plant and Equipment	119.976	116.222
Investment property	3.166	3.220
Goodwill	1.103.856	1.093.689
Other intangible assets	736.185	787.325
Rights of Use assets	112.659	-
Investments accounted for using equity method	-	28
Non-current financial assets	7.376	6.709
Other account receivables	1.831	2.383
Deferred tax assets	85.588	85.020
Total non- current assets	<u>2.170.637</u>	<u>2.094.596</u>
Non-current assets held for sale	-	43.869
Inventories	259.471	253.330
Trade and other receivables	314.745	312.070
Other current financial assets	9.713	4.922
Derivative financial instruments	291	356
Cash and cash equivalents	242.240	170.061
Total current assets	<u>826.460</u>	<u>784.608</u>
TOTAL ASSETS	<u><u>2.997.097</u></u>	<u><u>2.879.204</u></u>
<u>Equity</u>		
Share Capital	195.629	195.629
Share Premium	1.148.591	1.148.591
Retained earnings and other reserves	113.208	107.259
Treasury shares	(14.000)	(13.690)
Other comprehensive income	(3.814)	(5.282)
Equity attributed to equity holders of the parent	<u>1.439.614</u>	<u>1.432.507</u>
Non-controlling interests	<u>5.878</u>	<u>8.214</u>
Total equity	<u><u>1.445.492</u></u>	<u><u>1.440.721</u></u>
<u>Liabilities</u>		
Debt, Bank Borrowings and other marketable securities	857.035	856.454
Lease liabilities	98.587	-
Derivative financial instruments	14.951	7.870
Deferred tax liabilities	181.154	199.266
Provisions	11.406	18.786
Government grants	302	352
Other non-current liabilities	22.326	26.469
Total non-current liabilities	<u>1.185.761</u>	<u>1.109.197</u>
Liabilities linked to non-current assets held for sale	-	5.818
Debt, Bank Borrowings and other marketable securities	21.862	51.593
Lease liabilities	23.173	-
Trade and other payables	291.564	247.736
Provisions	28.437	24.111
Derivative financial instruments	808	28
Total current liabilities	<u>365.844</u>	<u>329.286</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2.997.097</u></u>	<u><u>2.879.204</u></u>

Fluidra S.A. and Subsidiaries
December 31, 2019

(Thousands of Euros)	31/12/2019	31/12/2018
Operating Income		
Sales of goods and finished products	1.367.550	1.029.641
Income from the rendering services	24.928	18.184
Work performed by the Group and capitalised as non-current assets	14.157	7.854
Total operating income	1.406.635	1.055.679
Operating expenses		
Change in inventories of finished products, work in progress and raw material consumables	(666.022)	(538.250)
Personnel expenses	(277.872)	(222.952)
Depreciation and amortization expenses and impairment losses	(129.762)	(66.727)
Other operating expenses	(256.089)	(229.585)
Total operating expenses	(1.329.745)	(1.057.514)
Other profit / (loss)		
Profit / (loss) from sale of fixed assets	(1.364)	406
Total other profit / (loss)	(1.364)	406
Operating profit	75.526	(1.429)
Finance income / (expenses)		
Finance income	2.803	1.951
Finance costs	(53.792)	(28.111)
Financial Expenses of Lease Liabilities	(4.929)	-
Exchange gains / (losses)	485	(1.436)
Net financial income / (loss)	(55.433)	(27.596)
Share in profit / (loss) for the year from investments accounted for using the equity	-	64
Profit / (loss) before tax from continuing operations	20.093	(28.961)
Income tax expense	(5.982)	(3.856)
Profit / (loss) after tax from continuing operations	14.111	(32.817)
Profit / (loss) after tax from discontinued operations	(114)	895
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	13.997	(31.922)
Profit attributed to non-controlling interest	5.675	2.000
Profit attributed to equity holders of the parent	8.322	(33.922)
From continuing operations	8.436	(34.817)
From discontinued operations	(114)	895
EBITDA	205.288	65.362

Fluidra S.A. and Subsidiaries
December 31, 2019

(Thousands of Euros)

31/12/2019 31/12/2018

Cash flows from operating activities

Profit of the year before tax	19.979	(27.977)
<i>Adjustments for:</i>		
Amortization and depreciation	125.958	61.002
Provision for bad debts	4.224	3.336
Provision for / (reversal of) impairment losses on assets	3.804	9.198
Provision for / (reversal of) impairment losses on financial assets	355	(66)
Provision for / (reversal of) impairment losses on risks and expenses	1.845	2.880
Provision for / (reversal of) impairment losses on inventories	5.721	28
Income from financial assets	(1.481)	(330)
Financial expenses	51.886	25.700
(Income) / expenses from currency translation differences	(485)	691
Share in profit / (loss) for the year from associates accounted for using equity method	-	(64)
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	(336)	56
(Profit)/losses on the sale of subsidiaries	1.700	-
Government grants recognized in profit and loss	(100)	(149)
Shared-based payment expenses	4.313	1.315
Adjustments to consideration given against gains/losses on business combinations	12.166	4.576
(Gains) / losses from derivative financial instruments at fair value	810	(466)
Operating profit before changes in working capital	230.359	79.730
 Change in working capital, excluding effects of acquisitions and currency translation differences		
Increase / (decrease) in trade and other receivables	(35.851)	(28.992)
Increase / (decrease) in inventories	(14.250)	22.683
Increase / (decrease) in trade and other payables	26.577	(6.954)
Utilization of provisions	(879)	(1.192)
Cash Flows from operating activities	205.956	65.275
 Interest paid	(48.186)	(23.372)
Interest received	1.544	330
Corporate income tax paid	(3.771)	(10.860)
 Net Cash Flows from operating activities	155.543	31.373

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Cash Flows from investing activities

From the sale of property, plant and equipment	2.891	2.824
From the sale of other intangible assets	338	66
From the sale of financial assets	2.497	1.703
Proceeds from dividends	28	36
Proceeds from the sale of subsidiaries, net of cash used	29.176	-
Proceeds from the sale of subsidiaries, net of cash used in prior years	-	124
Acquisition of property, plant and equipment	(26.737)	(26.561)
Acquisition of intangible assets	(20.301)	(12.176)
Acquisition of financial assets	(7.104)	(6.865)
Payments for acquisitions of subsidiaries	-	34.558
Payments for acquisitions of subsidiaries in prior years	(7.344)	(9.494)
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Net Cash Flows used in investing activities	(26.556)	(15.785)

Cash Flows from financing activities

Proceeds from Capital increase	-	(138)
Payments for repurchase of treasury shares	(10.177)	(7.677)
Proceeds from the sale of treasury shares	1.246	2.302
Proceeds from grants	50	2
Proceeds from bank borrowings and other	5.598	879.377
Payments from bank borrowings, finance leases and others	(46.185)	(768.663)
Payments from leases liabilities (IFRS- 16)	(15.601)	-
Dividends paid	(4.376)	(3.649)
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Net Cash Flows from financing activities	(69.445)	101.554

Net increase / (decrease) in cash and cash equivalents	59.542	117.142
Cash and cash equivalents as of January 1, 2019	181.233	64.756
Effect of currency translation differences on cash	1.465	(665)
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Cash and cash equivalents as of December 31, 2019	242.240	181.233

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

Calculation and Reconciliation of EBITDA

(in millions of Euros)	Dec 19 LTM
Net Profit attributed to equity holders of the parent company	8,4
Income Tax Expense	6,0
Finance Income	(2,8)
Finance Costs	58,7
Exchange gains / (losses)	(0,5)
Depreciation & Amortisation Expense & Impairment	129,8
Minority Interest	5,7
Reported EBITDA	205,3
Non Recurring Transaction & Integration Costs	27,5
EBITDA discontinued Operations Aquatron	(0,1)
Share based payment expense	12,2
Run Rate synergies	10,1
Profit/Loss from sale of subsidiaries	14,0
Adjusted EBITDA January 19 - December 19 (1)	268,8

(1) EBITDA Dec 2019 includes effect IFRS-16 (24,6 M €)

Fluidra S.A. and Subsidiaries
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(in millions of Euros)

At 31
December 2019

First-lien credit facility	878,6
Asset-based lending facility	5,7
Other debt	8,9
Total debt	893,2
Unamortized debt issuance costs	(14,3)
Debt, current and non-current	878,9
Current portion of first-lien credit facility	8,9
Asset-based lending facility	5,7
Current portion of other debt	8,6
Debt, current	23,2
Debt, non-current	855,7
Lease liabilities	121,8
Cash and Cash Equivalents	242,2
Non Current Financial Assets	7,4
Current Financial Assets	9,7
Derivative Instruments	(15,5)
Total Cash & Financial Assets	243,9
Net Financial Debt as per Group Definition	756,8

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 cyclicity 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.