

FLUIDRA

FLUIDRA S.A. and Subsidiaries

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

September 30, 2018

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

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September 30, 2018

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 3 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 2017 (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, 2017 and 2016 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 – 2018 3rd Quarter Results.

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Balance Sheet

(Thousands of Euros)

<u>Assets</u>	<u>30/09/2018</u>	<u>30/09/2017</u>
Property, Plant and Equipment	115.856	100.483
Investment property	3.239	1.685
Goodwill	1.115.007	197.351
Other intangible assets	778.567	37.292
Investments accounted for using the equity method	26	132
Non-current financial assets	5.319	4.885
Derivative financial instruments	-	-
Other account receivables	2.416	3.188
Deferred tax assets	86.492	23.614
Total non-current assets	2.106.922	368.630
Non-current assets held for sale	42.127	
Inventories	255.114	177.488
Trade and other receivables	276.782	196.509
Other current financial assets	5.322	4.895
Derivative financial instruments	324	280
Cash and cash equivalents	194.961	68.895
Total current assets	774.630	448.067
TOTAL ASSETS	2.881.552	816.697
<u>Equity</u>		
Share Capital	195.629	112.629
Share Premium	1.148.591	92.831
Retained earnings and other reserves	118.349	142.681
Treasury shares	(8.510)	(6.375)
Other comprehensive income	(2.966)	(381)
Equity attributed to equity holders of the parent	1.451.093	341.385
Non-controlling interests	8.038	10.474
Total equity	1.459.131	351.859
<u>Liabilities</u>		
Debt, Bank Borrowings and other marketable securities	856.004	152.421
Derivative financial instruments	-	1.308
Deferred tax liabilities	209.965	23.278
Provisions	21.202	10.868
Government grants	381	766
Other non-current liabilities	26.710	16.684
Total non-current liabilities	1.114.262	205.325
Liabilities linked to non-current assets held for sale	5.779	
Debt, Bank Borrowings and other marketable securities	29.221	74.776
Trade and other payables	253.113	176.975
Provisions	20.044	6.865
Derivative financial instruments	2	897
Total current liabilities	308.159	259.513
TOTAL EQUITY AND LIABILITIES	2.881.552	816.697

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Income Statement

(Thousands of Euros)	<u>30/09/2018</u>	<u>30/09/2017</u>
Operating Income		
Sales of goods and finished products	741.517	625.819
Income from the rendering services	13.759	11.811
Work performed by the Group and capitalised as non-current assets	4.776	3.584
Total operating income	<u>760.052</u>	<u>641.214</u>
Operating expenses		
Change in inventories of finished products, work in progress and raw material consumables	(400.132)	(315.586)
Personnel expenses	(152.355)	(120.582)
Depreciation and amortization expenses and impairment	(45.455)	(26.458)
Other operating expenses	<u>(163.543)</u>	<u>(115.988)</u>
Total operating expenses	<u>(761.485)</u>	<u>(578.614)</u>
Other profit / (loss)		
Profit on sales of assets	<u>(43)</u>	1.639
Total other profit / (loss)	<u>(43)</u>	1.639
Operating profit	<u>(1.476)</u>	<u>64.239</u>
Finance income / (expenses)		
Finance income	1.289	1.256
Finance costs	(18.112)	(8.247)
Exchange gains / (losses)	<u>(502)</u>	<u>(1.220)</u>
Net financial income / (loss)	<u>(17.325)</u>	<u>(8.211)</u>
Share in profit / (loss) for the year from investments accounted for using the equity method		
Profit / (loss) before tax from continuing operations	<u>42</u>	<u>11</u>
	<u>(18.759)</u>	<u>56.039</u>
Income tax expense	1.657	(16.970)
Profit / (loss) after tax from continuing operations	<u>(17.102)</u>	<u>39.069</u>
Profit / (loss) after tax from discontinued operations	412	709
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	<u>(16.690)</u>	<u>39.778</u>
Profit attributed to non-controlling interest	1.772	1.646
Profit attributed to equity holders of the parent	<u>(18.462)</u>	<u>38.132</u>
From continuing operations	<u>(18.874)</u>	<u>37.423</u>
From discontinued operations	412	709
EBITDA	<u>44.021</u>	<u>90.709</u>

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Cash Flow Statement

(Thousands of Euros)

30/09/2018

Cash flows from operating activities

Profit of the year before tax	(18.221)
<i>Adjustments for:</i>	
Amortization and depreciation	41.921
Provision for bad debts	3.354
Provision for / (reversal of) impairment losses on assets	7.950
Provision for / (reversal of) impairment losses on financial assets	174
Provision for / (reversal of) impairment losses on risks and expenses	1.966
Provision for / (reversal of) impairment losses on inventories	235
Income from financial assets	(577)
Financial expenses	15.922
(Income) / expenses from currency translation differences	233
Share in profit / (loss) for the year from associates accounted for using equity method	(42)
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	43
Government grants recognized in profit and loss	(104)
Shared-based payment expenses	1.813
Adjustments to consideration given against gains/losses on business combinations	372
(Gains) / losses from derivative financial instruments at fair value through profit or loss	(552)
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Operating profit before changes in working capital	54.488
 Change in working capital, excluding effects of acquisitions and currency translation differences	
Increase / (decrease) in trade and other receivables	12.266
Increase / (decrease) in inventories	19.828
Increase / (decrease) in trade and other payables	(6.848)
Utilization of provisions	(2.709)
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Cash from operating activities	77.025
 Interest paid	(14.401)
Interest received	577
Corporate income tax paid	(6.287)
 Net cash from operating activities	<hr/> 56.914 <hr/>

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<u>Cash Flows from investing activities</u>	<u>30/09/2018</u>
From the sale of property, plant and equipment	1.086
From the sale of other intangible assets	74
From the sale of financial assets	1.232
Dividends received	17
Conversion differences	(3.469)
Acquisition of property, plant and equipment	(14.604)
Acquisition of intangible assets	(7.615)
Acquisition of financial assets	(2.305)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	34.558
Payments for acquisitions of subsidiaries in prior years	(9.213)
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Net cash used in investing activities	(238)
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<u>Cash flow from financing activities</u>	
Payments for repurchase of treasury shares	(2.466)
Proceeds from the sale of treasury shares	2.225
Proceeds from bank borrowings and other	865.849
Repayments to bank borrowings, finance leases and others	(775.085)
Dividends paid	(3.379)
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Net cash from financing activities	87.144
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Net increase / (decrease) in cash and cash equivalents	143.820
Cash and cash equivalents as of January 1, 2018	64.756
Effect of currency translation differences on cash	(981)
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Cash and cash equivalents as of September 30, 2018	207.595
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Note: This cash flow includes cash flows arising from continuing and discontinued operations.

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Calculation and Reconciliation of EBITDA

(in millionsof Euros)	Sept 18 YTD	Q4 2017	LTM
Net Profit attributed to equity holders of the parent company	(18,5)	(7,1)	(25,5)
Income Tax Expense	(1,7)	(3,8)	(5,5)
Finance Income	(1,3)	(4,6)	(5,9)
Finance Costs	18,1	7,9	26,0
Exchange gains / (losses)	0,5	1,6	2,1
Depreciation & Amortisation Expense & Impairment	45,5	10,4	55,9
Minority Interest	1,8	0,1	1,9
Profit from discontinued operations	(0,4)		(0,4)
Reported EBITDA	44,0	4,5	48,5
Stock Value Mark-up (Acquisition Purchase Price Allocation)	31,4		31,4
Non Recurring Transaction & Integration Costs	29,2	3,3	32,5
EBITDA discontinued Operations Aquatron	4,7		4,7
Share based payment expense	4,5	4,2	8,7
Run Rate synergies	3,2		3,2
Adjusted EBITDA	117,0	12,0	129,0
EBITDA Jan-Jun 2018 Zodiac (1)	66,0		66,0
EBITDA Oct-Dec 2017 (1)		10,6	10,6
Adjusted EBITDA Proforma Oct 17 - Sept 18	183,0	22,6	205,6

(1) EBITDA from Zodiac not integrated into Fluidra Financial Statements. From 01 Oct 2017 to 30 June 2018 since acquisition acquisition

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Total Debt and Net Financial Debt Reconciliation

(in millions of Euros)	At 30 September 2018
First-lien credit facility	876,5
Asset-based lending facility	0
Other debt	28,0
Total debt	904,5
Unamortized debt issuance costs	(19,3)
Debt, current and non-current	885,2
Current portion of first-lien credit facility	8,8
Asset-based lending facility	0
Current portion of other debt	20,5
Debt, current	29,2
Debt, non-current	856,0
Cash and Cash Equivalents	195,0
Cash and Cash Equivalents held in discontinued operations	13,0
Non Current Financial Assets	5,3
Current Financial Assets	5,3
Derivative Instruments	0,3
Total Cash & Financial Assets	218,9
Net Financial Debt as per Group Definition	666,3

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.