

FLUIDRA

FLUIDRA S.A. and Subsidiaries

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

March 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
March 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 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 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 1st Quarter Results.

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BALANCE SHEET

(Thousands of Euros)

<u>Assets</u>	<u>31/03/2019</u>	<u>31/03/2018</u>
Property, Plant and Equipment	118.085	98.389
Investment property	4.115	3.278
Goodwill	1.094.245	195.453
Other intangible assets	784.820	32.559
Rights of Use	97.452	-
Equity accounted investments	28	(15)
Non-current financial assets	6.737	4.481
Other account receivables	5.692	2.817
Deferred tax assets	86.839	23.881
Total non- current assets	2.198.013	360.843
Non-current assets held for sale	1.478	-
Inventories	327.698	216.060
Trade and other receivables	451.641	217.556
Other current financial assets	7.773	4.655
Derivative financial instruments	74	53
Cash and cash equivalents	156.449	51.905
Total current assets	945.113	490.229
TOTAL ASSETS	3.143.126	851.072
<u>Equity</u>		
Share Capital	195.629	112.629
Share Premium	1.148.591	92.831
Retained earnings and other reserves	94.230	139.141
Treasury shares	(6.558)	(7.333)
Other comprehensive income	(7.349)	(4.566)
Equity attributed to equity holders of the parent	1.424.543	332.702
Non-controlling interests	8.720	9.335
Total equity	1.433.263	342.037
<u>Liabilities</u>		
Debt, Bank Borrowings and other marketable securities	863.494	138.834
Lease liabilities	81.165	-
Derivative financial instruments	11.908	1.042
Deferred tax liabilities	196.458	20.668
Provisions	17.099	10.837
Government grants	285	592
Other non-current liabilities	19.982	25.348
Total non-current liabilities	1.190.391	197.321
Debt, Bank Borrowings and other marketable securities	152.500	133.495
Lease liabilities	21.223	-
Trade and other payables	320.975	170.591
Provisions	24.517	7.271
Derivative financial instruments	257	357
Total current liabilities	519.472	311.714
TOTAL EQUITY AND LIABILITIES	3.143.126	851.072

Fluidra S.A. and Subsidiaries**March 31, 2019**

(Thousands of Euros)

	31/03/2019	31/03/2018
Operating Income		
Sales of goods and finished products	313.077	179.149
Income from the rendering services	4.740	3.585
Work performed by the Group and capitalised as non-current assets	3.314	1.093
Total operating income	<u>321.131</u>	<u>183.827</u>
Operating expenses		
Change in inventories of finished products, work in progress and raw material consumables	(144.945)	(86.659)
Employees benefits expenses	(72.344)	(42.879)
Depreciation and amortization expenses and impairment	(30.684)	(8.115)
Other operating expenses	(63.851)	(39.614)
Total operating expenses	<u>(311.824)</u>	<u>(177.267)</u>
Other profit / (loss)		
Profit on sales of assets	35	38
Total other profit / (loss)	<u>35</u>	<u>38</u>
Operating profit	<u>9.342</u>	<u>6.598</u>
Finance income / (expenses)		
Finance income	418	851
Finance costs	(13.215)	(2.636)
Exchange gains / (losses)	2.214	(1.162)
Net financial income / (loss)	<u>(10.583)</u>	<u>(2.947)</u>
method		
Profit / (loss) before tax from continuing operations	<u>(1.241)</u>	<u>3.651</u>
Income tax expense	(1.186)	(1.586)
Profit / (loss) after tax from continuing operations	<u>(2.427)</u>	<u>2.065</u>
Profit / (loss) after tax from discontinued operations	(114)	612
CONSOLIDATED PROFIT / (LOSS) AFTER TAX	(2.541)	2.677
Profit attributed to non-controlling interest	215	94
Profit attributed to equity holders of the parent	<u>(2.756)</u>	<u>2.583</u>
From continuing operations	(2.642)	1.971
From discontinued operations	(114)	612
EBITDA	<u>40.026</u>	<u>14.713</u>

Fluidra S.A. and Subsidiaries
March 31, 2019

(Thousands of Euros)

31/03/2019

Cash flows from operating activities

Profit of the year before tax	(1.355)
<i>Adjustments for:</i>	
Amortization and depreciation	30.542
Provision for bad debts	1.240
Provision for / (reversal of) impairment losses on assets	141
Provision for / (reversal of) impairment losses on financial assets	0
Provision for / (reversal of) impairment losses on risks and expenses	(465)
Provision for / (reversal of) impairment losses on inventories	1.528
Income from financial assets	(172)
Financial expenses	12.494
(Income) / expenses from currency translation differences	(2.216)
(Profit) / loss from the sale of property, plant and equipment and other intangible assets	(98)
Government grants recognized in profit and loss	(63)
Shared-based payment expenses	(2.434)
(Gains) / losses from derivative financial instruments at fair value through profit or loss	476
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Operating profit before changes in working capital	39.618
Change in working capital, excluding effects of acquisitions and currency translation differences	
Increase / (decrease) in trade and other receivables	(146.040)
Increase / (decrease) in inventories	(77.998)
Increase / (decrease) in trade and other payables	66.886
Utilization of provisions	0
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Cash Flows from operating activities	(117.534)
Interest paid	(10.545)
Interest received	172
Corporate income tax paid	7.928
Net Cash Flows from operating activities	<hr/> (119.978)

Fluidra S.A. and Subsidiaries
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<u>Cash Flows from investing activities</u>	<u>31/03/2019</u>
From the sale of property, plant and equipment	584
From the sale of other intangible assets	20
From the sale of financial assets	1.506
Proceeds from the sales of subsidiaries in prior years	
Acquisition of property, plant and equipment	(8.924)
Acquisition of intangible assets	(4.124)
Acquisition of financial assets	(3.970)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	
Payments for acquisitions of subsidiaries in prior years	(1.132)
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Net Cash Flows used in investing activities	2.987
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<u>Cash Flows from financing activities</u>	
Payments for repurchase of treasury shares	(1.978)
Proceeds from the sale of treasury shares	297
Proceeds from bank borrowings and other	101.122
Payments from bank borrowings, finance leases and others	(3.165)
	(5.659)
Dividends paid	(357)
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Net Cash Flows from financing activities	90.261
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Net increase / (decrease) in cash and cash equivalents	(26.730)
Cash and cash equivalents as of January 1, 2019	181.233
Effect of currency translation differences on cash	1.947
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Cash and cash equivalents as of March 31, 2019	156.449
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Note: This cash flow includes cash flows arising from continuing and discontinued operations.

Fluidra S.A. and Subsidiaries
March 31, 2019

Calculation and Reconciliation of EBITDA

(in millions of Euros)	March 19 LTM
Net Profit attributed to equity holders of the parent company	(38,5)
Income Tax Expense	3,5
Finance Income	(2,4)
Finance Costs	39,2
Exchange gains / (losses)	(1,5)
Depreciation & Amortisation Expense & Impairment	89,3
Minority Interest	2,1
Profit from discontinued operations	(0,9)
Reported EBITDA	90,7
Stock Value Mark-up (Acquisition Purchase Price Allocation)	31,5
Non Recurring Transaction & Integration Costs	48,9
EBITDA discontinued Operations Aquatron	2,9
Share based payment expense	12,7
Run Rate synergies	5,7
Profit/Loss from sale of subsidiaries	(2,7)
Adjusted EBITDA (2)	189,7
EBITDA Apr-Jun 2018 Zodiac (1)	33,4
Adjusted EBITDA Proforma Apr 18 - Mar 19	223,1

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

(2) EBITDA March 2019 includes effect IFRS-16 (5,7 M €)

Fluidra S.A. and Subsidiaries
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(in millions of Euros)	At 31 March 2019
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First-lien credit facility	885,7
Asset-based lending facility	102,2
Other debt	44,5
Total debt	1032,5
Unamortized debt issuance costs	(16,5)
Debt, current and non-current	1016,0
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Current portion of first-lien credit facility	8,9
Asset-based lending facility	102,2
Current portion of other debt	42,8
Debt, current	153,9
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Debt, non-current	862,0
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Cash and Cash Equivalents	156,4
Non Current Financial Assets	6,7
Current Financial Assets	7,8
Derivative Instruments	(12,1)
Total Cash & Financial Assets	158,9
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Net Financial Debt as per Group Definition	857,1
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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.