

## A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

Fluidra, S.A. ("**Fluidra**"), en cumplimiento de lo dispuesto en el artículo 228 del Texto Refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, hace público el siguiente

### HECHO RELEVANTE

(5 de 8)

En relación con la fusión entre Fluidra y Piscine Luxembourg Holdings 2 S.à r.l. comunicada por primera vez mediante el hecho relevante publicado el 3 de noviembre de 2017 con número 258221, se comunica que, el 5 de julio de 2018, la Comisión Nacional del Mercado de Valores ha resuelto considerar, a los efectos de lo dispuesto en el artículo 26.1.d) del Real Decreto 1310/2005, de 4 de noviembre, la información contenida en el documento que se adjunta como Anexo como equivalente a la del folleto informativo exigible de conformidad con el citado Real Decreto y verificar que concurren los requisitos reglamentariamente exigidos para la admisión a negociación de las 83.000.000 nuevas acciones ordinarias de Fluidra emitidas y entregadas a Piscine Luxembourg Holdings 1 S.à r.l., socio único de la sociedad absorbida, en virtud del canje de fusión.

Está previsto que en los próximos días, las nuevas acciones queden admitidas a negociación en las Bolsas de Valores de Barcelona y Madrid a través del Sistema de Interconexión Bursátil Español (Mercado Continuo), lo que se comunicará mediante un nuevo hecho relevante.

Sabadell, a 6 de julio de 2018

## **ANEXO**

**Documento equivalente al folleto informativo relativo a la fusión por absorción entre PISCINE LUXEMBOURG HOLDINGS 2 S.À R.L. (sociedad absorbida) y FLUIDRA, S.A. (sociedad absorbente) a los efectos de lo dispuesto en el artículo 26.1.d) del Real Decreto 1310/2005, de 4 de noviembre**

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

The classification depends on the purpose for which the financial assets were acquired. The Group does not have any held-to-maturity or available-for-sale financial assets.

### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally to be resold in the near term. Derivatives, including separately recognised embedded derivatives, are classified in this category, with the exception of designated, effective hedging derivatives and financial guarantee contracts.

Financial assets at fair value through profit or loss are recognised in current assets if they are expected to be sold within 12 months of the reporting date. Otherwise, they are recognised in non-current assets. Gains and losses on these assets are taken directly to income.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets within trade and other receivables (see Note 3.11), except for loans and receivables maturing more than 12 months after the reporting date, which are classified as non-current assets.

### (b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchasing or selling the asset.

For all financial assets not carried at fair value through profit or loss, investments are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method less any impairment losses. Amortised cost is calculated taking into account all fees and transaction costs that are an integral part of the effective interest rate, as well as any other premiums or discounts.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised immediately in the income statement within other expenses, except for changes in the fair value of derivatives, which are recognised in finance expense.

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 3.11.

Financial assets are derecognised when the rights to receive the associated cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## **3.9. Derivative financial instruments and hedging activities**

The Group uses derivative financial instruments to manage the impact of foreign currencies and interest rates on the Group's financial performance. The Group's risk management policies prohibit the use of derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value and are subsequently re-measured to fair value at each reporting date. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item hedged.

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other expenses or in finance expense, depending on the nature of the underlying risk. The fair values of derivative instruments are disclosed in Note 9.

Derivatives are classified as current assets or liabilities.

# Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

## 3.10. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method.

The cost of raw materials and other purchased inventories is calculated based on the purchase price plus non-refundable taxes, transport costs and other direct acquisition costs and less any trade discounts and rebates. The cost of finished goods and work-in-progress comprises design costs, the cost of raw materials and direct labour, and other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. A provision is recorded for excess or obsolete inventories based on the lower of cost and net realisable value.

## 3.11. Trade and other receivables

Trade and other receivables are initially stated at fair value, which generally corresponds to the nominal value unless the effect of discounting is material. They are subsequently stated at amortised cost using the effective interest method, less any impairment losses.

An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Evidence of impairment includes significant financial difficulties encountered by the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The allowance is recognised in the income statement against selling expenses. When a trade receivable is considered uncollectible, it is written off.

## 3.12. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, and other short-term highly liquid investments with original maturities of three months or less.

Net cash and cash equivalents include cash and cash equivalents and bank overdrafts.

## 3.13. Share capital and premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or the acquisition of equity instruments are shown net of tax in equity as a deduction from the proceeds of the issue.

## 3.14. Trade and other payables

Trade and other payables are recognised initially at nominal value except if payment terms exceed standard terms, in which case they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

## 3.15. Debt

Debt is recognised initially at fair value, calculated as proceeds of its issue (fair value of the consideration received), net of transaction costs incurred to issue the debt. Debt is subsequently stated at amortised cost using the effective interest method. Any difference between the initial fair value and the redemption amount is recognised in the income statement over the term of the borrowing using the effective interest method.

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

The effective interest rate is the rate that exactly discounts estimated future cash flows (including transaction costs) over the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount at initial recognition.

Where it is probable that all or a part of the debt will be redeemed, costs directly attributable to the arrangement of debt are recognised as transaction costs, and debt issue costs are deferred until redemption. Where it is unlikely that all or part of the debt will be redeemed, debt issue costs are capitalised as a reduction to the debt balance, and amortised over the term of the borrowing concerned.

Debt is classified as a non-current liability if the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. Otherwise it is classified as a current liability.

### 3.16. Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. These amounts are based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carryforwards of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

# Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

## 3.17. Employee benefit obligations

### (a) Employee benefit obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or other administered funds, determined by periodic actuarial calculations. The Group also operates defined benefit plans.

*A defined contribution plan* is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

*A defined benefit plan* is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from differences between the actuarial assumptions used and actual experience, and any changes in assumptions at the period end are recognised directly in equity.

Past service costs (resulting from a change to an existing scheme or from the creation of a new scheme) are recognised immediately in income.

For long-term benefits other than post-employment benefits, actuarial gains and losses and past service costs are recognised immediately in income.

### (b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The event triggering an obligation for the Group in respect of termination benefits is not the employee's active service but the end of this service. In the event of an early retirement plan, the Group's liabilities are assessed based on the number of people expected to take up the offer.

### (c) Profit-sharing and incentive plans

The Group recognises a liability and an expense for profit-sharing and incentive plans based on a formula that takes into consideration the Group's performance.

## 3.18. Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

### *Restructuring provisions*

Restructuring provisions include employee termination benefits. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required to settle these obligations is determined by considering the class of obligations as a whole. A provision is recognised if it is probable that an outflow of resources will be required to settle the category of obligations, even if the likelihood of an outflow with respect to any one item may be remote.

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

Provisions reflect the best estimate of the costs expected to be required to settle the obligation, discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

### *Warranty provisions*

The Group recognises a provision for its commitments under warranty agreements on products sold. The provision is calculated each year using the cost of the replacement, based on historical experience.

### **3.19. Revenue recognition**

Revenue is recognised to the extent that it is probable that the related future economic benefits will flow to the Group and can be reliably measured. Revenue represents the fair value of the consideration received or receivable, excluding rebates, discounts, other sales taxes and customs duties, and any intragroup transactions. In accordance with IFRIC 13, discounts granted under customer loyalty programmes are deducted from revenue based on their estimated value.

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is usually on delivery of the goods, provided that the Group has no other sales-related commitments. For most of the Group's businesses, revenue is recognised when products are shipped. Income from rendering of services is recognised on completion of services.

### **3.20. Leases (Group as lessee)**

#### (a) Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified by the Group as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### (b) Finance leases

The Group leases certain tangible assets. Leases of tangible assets which transfer to the Group substantially all of the risks and rewards of ownership are recognised in the balance sheet on inception of the lease term at the lower of the fair value of the leased asset and the present value of minimum lease payments, which are determined at the lease agreement date. Lease obligations, net of finance costs, are included within debt in liabilities in the balance sheet.

Each lease payment is apportioned between a finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance costs are recognised directly in the income statement. Assets leased under finance leases are depreciated over the shorter of their useful life and the lease term, if the Group is not reasonably certain that it will become the owner of the assets upon expiry of the lease.

### **3.21. Share-based payments**

The Group has set up a performance-based long-term incentive plan for certain employees (see Note 27). The cost of the cash-settled plan is recorded in employee benefits expense over the incentive vesting period, with a liability recognised for the same amount.

## **4. Financial risk management**

### **4.1. Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance, whilst taking into

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

consideration the complexity in implementing hedging instruments and the materiality of the potential risks faced.

The Group measures its exposure to market risks after taking into account existing hedges arising naturally from its business structure.

Derivative financial instruments are used to hedge against certain market risk exposures. The Group uses derivative financial instruments to manage the impact of foreign currencies and interest rates on its financial performance. The Group's policies prohibit the use of derivative financial instruments for speculative transactions.

### (a) Market risk

#### (i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro. Foreign exchange risk arises from future commercial transactions and from its assets and liabilities in foreign currency.

To manage its foreign exchange risk arising from future commercial transactions, the Group makes use of hedges arising naturally from its business structure (e.g., cost basis in euro to mitigate the risk of sales denominated in euro) as well as forward currency contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has subsidiaries in countries whose functional currency is not the USD. The Group is therefore exposed to a revaluation risk regarding the assets and liabilities of these entities.

At 30 September 2017, if the USD had weakened/strengthened by 5% against the euro with all other variables held constant, post-tax profit or loss for the year would have increased/decreased by approximately USD 500 as a result of losses/gains on cross currency swaps. If the USD had weakened/strengthened by 5% against the AUD with all other variables held constant, post-tax profit or loss for the year would have increased/decreased by approximately USD 100 as a result of losses/gains on cross currency swaps.

#### (ii) *Interest rate risk*

The Group's interest rate risk arises from debt. Debt issued at floating rates exposes the Group to cash flow interest rate risk.

At 30 September 2017, if interest rates on USD-denominated debt had been 1.0% higher/lower with all other variables held constant, post-tax profit for the year would have increased/decreased by approximately USD 2,500, mainly as a result of increased/decreased interest expense.

### (b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables. Management assesses the credit quality of customers taking into account their financial position, past experience and other factors. In a few cases, the Group seeks to minimise credit risk through insurance. However, only a small proportion of trade receivables are hedged in this way. Apart from a significant client in the United States, there is no concentration of credit risk with respect to trade receivables (see Note 10).

### (c) Liquidity risk

The objective of liquidity risk management is to ensure that the Group has enough funding facilities available to meet its current and future obligations.

Management prepares short-term cash flow forecasts and annual operational cash flow forecasts for budgetary purposes. Forecasts are generally prepared at local level and consolidated at Group level. The Group's business activities, in which seasonality can have a significant impact on working capital, are funded by cash surpluses and at certain times of the year through drawdowns under an asset-based revolving credit facility (see Note 15).



## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

The table below analyses the Group's financial liabilities and net derivative financial liabilities using relevant maturity bands based on remaining contractual maturity at the reporting date. As the amounts included in the table represent contractual undiscounted cash flows, they will not reconcile to debt and derivative financial instruments shown on the balance sheet.

(in USD thousands)

| <b>At 30 September 2017</b>      | <b>Less than<br/>1 year</b> | <b>Between<br/>1 and 2<br/>years</b> | <b>Between<br/>2 and 5<br/>years</b> | <b>More than<br/>5 years</b> | <b>Total</b> |
|----------------------------------|-----------------------------|--------------------------------------|--------------------------------------|------------------------------|--------------|
| Debt                             | 5,902                       | 5,236                                | 15,561                               | 640,171                      | 666,870      |
| Derivative financial instruments | 569                         | -                                    | -                                    | -                            | 569          |
| Trade and other payables         | 114,234                     | -                                    | -                                    | -                            | 114,234      |

### 4.2. Fair value estimates

The fair value of derivative instruments is determined using valuation models incorporating observable market data or based on prices obtained from banks or independent experts.

According to IFRS 13, the fair value hierarchy for the valuation of financial instruments is as follows:

- Level 1: fair value is based on unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2: fair value is based on inputs other than the quoted market prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (price-derived);
- Level 3: fair value is based on unobservable inputs for the asset or liability.

The valuation of financial assets and liabilities based on the fair value hierarchy is summarised in Note 8.

## 5. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to:

- apply its judgement in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty; and
- make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosures of the reporting period.

Estimates and assumptions are revised on an ongoing basis and are based on historical experience and other factors such as expected future events deemed reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates usually differ from actual results. Estimates and assumptions that may require a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are outlined below.

### (a) Estimated impairment of assets

The Group tests goodwill for impairment each year, in accordance with the accounting policy stated in Note 3.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

### (b) Income taxes

Estimates are involved in calculating provisions for taxes. Estimates are also necessary to determine whether write-downs should be booked against deferred tax assets. These involve assessing the probability that deferred tax assets resulting from deductible temporary differences and tax losses can be utilised to offset taxable income. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could require significant

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

adjustments to tax income and expense in future periods. The Group calculates reasonable provisions to cover the potential consequences of audits by the tax authorities in each of its respective countries. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the jurisdiction of the subsidiary concerned.

### (c) Provision for restructuring costs

The Group has set aside provisions for its restructuring plans involving (i) the closure of the Belberaud site in France and (ii) the closure of a production line in the United States. Provisions for restructuring plans were calculated based on estimates of indemnities to be paid to employees affected by these plans. These provisions continued to be utilised during the year ended 2017.

## 6. Intangible assets

| (in USD thousands)                          | Goodwill       | Trademarks     | Customer relationships | Development costs | Other        | Total            |
|---|----------------|----------------|------------------------|-------------------|--------------|------------------|
| <b>Year ended 30 September 2017</b>         |                |                |                        |                   |              |                  |
| <b>Carrying amount at beginning of year</b> | -              | -              | -                      | -                 | -            | -                |
| Business combination                        | 638,448        | 140,000        | 414,000                | 67,185            | 3,136        | 1,262,769        |
| Additions                                   | -              | -              | -                      | 6,731             | 300          | 7,030            |
| Exchange differences                        | -              | -              | (157)                  | 1,313             | 632          | 1,788            |
| Amortisation                                | -              | -              | (12,067)               | (8,619)           | (1,132)      | (21,818)         |
| Impairment                                  | -              | -              | -                      | (985)             | -            | (985)            |
| <b>Carrying amount at end of year</b>       | <b>638,448</b> | <b>140,000</b> | <b>401,775</b>         | <b>65,625</b>     | <b>2,936</b> | <b>1,248,784</b> |
| <b>At 30 September 2017</b>                 |                |                |                        |                   |              |                  |
| Cost  | 638,448        | 140,000        | 414,000                | 106,798           | 16,951       | 1,316,199        |
| Accumulated amortisation and impairment     | -              | -              | (12,225)               | (41,173)          | (14,015)     | (67,416)         |
| <b>Carrying amount</b>                      | <b>638,448</b> | <b>140,000</b> | <b>401,775</b>         | <b>65,625</b>     | <b>2,936</b> | <b>1,248,784</b> |

### 6.1. Goodwill

Goodwill at 30 September 2017 corresponds entirely to the Group's single activity, the manufacture and sale of residential equipment and connected pool solutions. The Group is divided into three geographical areas (Americas, Europe and the Southern Hemisphere), each of which represents a separate CGU for the purpose of testing non-financial assets, including goodwill, for impairment.

Goodwill breaks down as follows by CGU:

| (in USD thousands)  | At 30 September 2017 |
|---------------------|----------------------|
| Americas            | 390,817              |
| Europe              | 228,837              |
| Southern Hemisphere | 24,692               |
| <b>Total</b>        | <b>644,346</b>       |

In the context of the recent estimation of the fair value of the net identifiable assets acquired and since no triggering event has been identified, goodwill is not tested for impairment at 30 September 2017. The group confirms to the absence of changes in circumstances comparing to the date of the acquisition (see Note 23).

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(in USD thousands unless otherwise stated)

The key assumptions used to calculate the value in use of each CGU are as follows:

|   | <b>At 30 Sept. 2017</b> |
|---|-------------------------|
| Long-term growth rate                                       | (0.7)%-3.2%             |
| Discount rate (weighted average cost of capital before tax) | 10%-13%                 |

The discount rates used are pre-tax rates and reflect specific risks relating to the relevant segments.

### 6.2. Trademarks

The trademarks have been allocated to the cash-generating units (Americas, Europe and the Southern Hemisphere) based on their respective contributions to sales. A goodwill impairment test is performed annually at the level of each cash-generating unit and an impairment loss is recognised on trademarks if the test shows that an impairment loss should be recorded for an amount in excess of the goodwill carrying amount.

In the context of the recent estimation of the fair value of the trademarks of the Predecessor Group following the Acquisition, trademarks have not been tested for impairment at 30 September 2017 due to the absence of changes in circumstances comparing to the date of the acquisition (see Note 23).

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(in USD thousands unless otherwise stated)

**7. Tangible assets**

(in USD thousands)

|   | <b>Land and<br/>buildings</b> | <b>Machinery and<br/>equipment</b> | <b>Other tangible<br/>assets</b> | <b>Total</b>  |
|---|-------------------------------|------------------------------------|----------------------------------|---------------|
| <b>Year ended 30 September 2017</b>         |                               |                                    |                                  |               |
| <b>Carrying amount at beginning of year</b> | -                             | -                                  | -                                | -             |
| Business combination                        | 7,898                         | 8,757                              | 5,490                            | 22,146        |
| Increases                                   | 55                            | 1,155                              | 5,978                            | 7,189         |
| Transfer                                    | 70                            | 2,865                              | (3,083)                          | (152)         |
| Disposals                                   | -                             | -                                  | (14)                             | (10)          |
| Exchange differences                        | 510                           | 415                                | 197                              | 1,122         |
| Depreciation                                | (904)                         | (3,272)                            | (1,522)                          | (5,698)       |
| <b>Carrying amount at end of year</b>       | <b>7,630</b>                  | <b>9,920</b>                       | <b>7,047</b>                     | <b>24,596</b> |
| <b>At 30 September 2017</b>                 |                               |                                    |                                  |               |
| Cost  | 22,340                        | 71,245                             | 23,107                           | 116,693       |
| Accumulated depreciation and<br>impairment  | (14,710)                      | (61,326)                           | (16,061)                         | (92,097)      |
| <b>Carrying amount</b>                      | <b>7,630</b>                  | <b>9,920</b>                       | <b>7,047</b>                     | <b>24,596</b> |

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

### 8. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

| (in USD thousands)               | At 30 September 2017        |   |  |   |
|----------------------------------|-----------------------------|---|--|---|
|                                  | Trade and other receivables | Financial assets at fair value through profit or loss | Financial liabilities at fair value through profit or loss | Financial liabilities at amortised cost |
| Trade and other receivables      | 85,051                      | -   | -  | -                                       |
| Derivative financial assets      | -                           | 1,266   | -  | -                                       |
| Derivative financial liabilities | -                           | -   | (569)  | -                                       |
| Cash and cash equivalents        | -                           | 51,711  | -  | -                                       |
| Trade and other payables         | -                           | -   | -  | (114,234)                               |
| Debt                             | -                           | -   | -  | (638,680)                               |
| <b>Total</b>                     | <b>85,051</b>               | <b>52,977</b>   | <b>(569)</b>   | <b>(752,914)</b>                        |

The assets and liabilities measured at fair value are summarised in the table below (see Note 4.3):

| (in USD thousands)               | At 30 September 2017                        |   |                 |
|----------------------------------|---|---|-----------------|
|                                  | Quoted prices on an active market (level 1) | Significant observable valuation inputs (level 2) | Other (level 3) |
| Trade and other receivables      | 85,051                                      | -   | -               |
| Derivative financial assets      | -   | 1,266   | -               |
| Derivative financial liabilities | -   | (569)   | -               |
| Cash and cash equivalents        | 51,711                                      | -   | -               |
| Trade and other payables         | (114,234)                                   | -   | -               |
| Debt                             | (638,680)                                   | -   | -               |
| <b>Total</b>                     | <b>(616,152)</b>                            | <b>697</b>  | <b>-</b>        |

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

### 9. Derivative financial instruments

The fair values of financial instruments are summarised in the table below:

| (in USD thousands)                                   | <u>At 30 September<br/>2017</u> |
|--|---------------------------------|
| Foreign exchange contracts                           | -                               |
| Interest rate swap                                   | 1,266                           |
| <b>Derivative financial instruments, assets</b>      | <b>1,266</b>                    |
| Foreign exchange contracts                           | 569                             |
| Interest rate swap                                   | -                               |
| <b>Derivative financial instruments, liabilities</b> | <b>569</b>                      |

As the derivative financial instruments are not eligible for hedge accounting and are part of the trading book, they are classified as current assets and liabilities.

#### (a) Foreign exchange contracts

At 30 September 2017, the Group held foreign exchange contracts for a notional amount of USD 27,281. The contracts are due to expire during April 2018 and September 2018.

#### (b) Interest rate swaps

On 6 June 2017, the Group entered into an interest rate swap transaction that effectively converts a portion of the Group's floating rate first and second lien terms loan into fixed rate obligations. The interest rate swap begins on 30 June 2017 and will mature on 31 December 2021, with a quarterly payment required to settle the net difference between the prevailing 3-month USD LIBOR rate, and the fixed rates set per the interest rate swap contract. For the period beginning 30 September 2017, the interest rate swap contract has a notional amount of USD 532,880, and a fixed rate of 1.3425%. At 30 September 2017, the mark to market value of the interest rate swap amount to USD 1,266.

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

### 10. Trade and other receivables

| (in USD thousands)                 | <u>At 30 September 2017</u> |
|------------------------------------|-----------------------------|
| Trade receivables, gross           | 74,053                      |
| Less: provision for impairment     | <u>(3,509)</u>              |
| <b>Trade receivables, net</b>      | <b>70,544</b>               |
| Other receivables                  | 14,507                      |
| <b>Trade and other receivables</b> | <b><u>85,051</u></b>        |

The fair values of trade and other receivables approximate their carrying amounts.

Apart from a major client in the United States, there is no concentration of credit risk with respect to trade receivables.

The following table shows an aged analysis of net trade receivables at 30 September 2017:

| (in USD thousands) | <u>At 30 September 2017</u> |
|--------------------|-----------------------------|
| Up to 3 months     | 69,307                      |
| 3 to 6 months      | 417                         |
| 6 to 12 months     | 617                         |
| Beyond 12 months   | 203                         |
|                    | <u>70,544</u>               |

Movements in allowances for impairment of trade receivables are as follows:

| (in USD thousands)                            | <u>30 September 2017</u> |
|---|--------------------------|
| Opening balance                               | -                        |
| Acquisitions of businesses                    | (2,616)                  |
| Allowance for impairment of trade receivables | (806)                    |
| Unused amounts reversed                       | 187                      |
| Exchange differences                          | (274)                    |
|   | <u>(3,509)</u>           |

Movements in allowances for impairment of trade receivables are included within selling expenses in the consolidated income statement. Provisions are generally recognised when the receivable is not expected to be recovered. Reversals of allowances for impairment of trade receivables mainly concern the write-off of uncollectible receivables.

The USD-equivalent values of the carrying amounts of the Group's foreign currency trade and other receivables are shown below:

| (in USD thousands) | <u>At 30 September 2017</u> |
|--------------------|-----------------------------|
| USD                | 34,617                      |
| EUR                | 26,634                      |
| AUD                | 19,171                      |
| CAD                | 1,469                       |
| ZAR                | 2,337                       |
| Other              | 822                         |
|                    | <u>85,051</u>               |

## Notes to the consolidated financial statements

(in USD thousands unless otherwise stated)

### 11. Inventories

|                    |                             |
|--------------------|-----------------------------|
| (in USD thousands) | <b>At 30 September 2017</b> |
| Raw materials      | 19,686                      |
| Work-in-progress   | 33                          |
| Finished goods     | 72,848                      |
| <b>Inventories</b> | <b>92,566</b>               |

Allowances for impairment of inventories recognised during the year ended 30 September 2017 amounted to USD 299 and reversals amounted to USD 1,382.

### 12. Cash and cash equivalents

Net cash and cash equivalents break down as follows:

|                                      |                             |
|--------------------------------------|-----------------------------|
|                                      | <b>At 30 September 2017</b> |
| Cash and cash equivalents            | 51,711                      |
| Bank overdrafts                      | (570)                       |
| <b>Net cash and cash equivalents</b> | <b>51,141</b>               |

### 13. Share capital and share premium

At 30 September 2017, total subscribed and fully paid capital amounted to USD 13, divided into 1,200,000 shares with a par value of USD 0.0105 each.

|                             | <b>Number of shares</b> | <b>Share capital</b> |
|-----------------------------|-------------------------|----------------------|
| <b>At 30 September 2017</b> | 1,200,000               | 13                   |

The Company paid no dividends for the year ended 30 September 2017.

### 14. Trade and other payables

|                                 |                             |
|---------------------------------|-----------------------------|
| (in USD thousands)              | <b>At 30 September 2017</b> |
| Trade payables                  | 60,280                      |
| Other payables                  | 53,954                      |
| <b>Trade and other payables</b> | <b>114,234</b>              |