

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

AI AQUA UK LTD

MENZIES

AI AQUA UK LTD

COMPANY INFORMATION

Directors	T A Bamber J C Kent (appointed 22 March 2021) S A Williams (appointed 22 March 2021) M Gangadharan (appointed 12 April 2021)
Company secretary	F J Griffith
Registered number	11540567
Registered office	Fourth Floor Abbots House Abbey Street Reading Berkshire RG1 3BD
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 1st Floor Midas House 62 Goldsworth Road Woking Surrey GU21 6LQ

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the period ended 31 December 2020.

Business review

The company is a wholly owned subsidiary of AI Aqua (Luxembourg) Bidco S.à.r.l. The principal activity of the company during this period was that of a holding company for the investments in HWS Holdings Limited and Homewater Limited.

The company's performance is strictly related to the performance of its subsidiaries.

As the company and economy recovers from the impact of the Covid 19 pandemic the level of uncertainty and disruption has receded to levels comparable to 2019. The company's ultimate subsidiary, Harvey Water Softeners Limited, maintained profitability during this period and sales have subsequently returned to pre-pandemic levels. Harvey Water Softener continues to generate sufficient cash to meet all intercompany liabilities as they fall due and is considered to do so in the foreseeable future.

Accordingly, the intercompany loans continue to be considered fully recoverable as its subsidiaries remain trading and have not been detrimentally impacted by the pandemic. Covid 19 had no discernible impact on the medium and long term performance of the subsidiaries and accordingly there is no indication of impairment in the company's investment.

Harvey Water Softeners Limited continues to invest in its product lines, customer service and internal efficiencies, all of which provide a strong foundation for growth whilst maintaining margins.

The company has significant net assets at the year end, and is supported by a significant bank balance, therefore the directors consider the company to be in a strong financial position despite losses made.

Principal risks and uncertainties

The directors consider the key business risks and uncertainties affecting the company to relate to the performance of its subsidiaries.

Financial key performance indicators

There are no other meaningful KPI's considered by management to be applicable to the company.

Post balance sheet events

The ultimate parent company was sold on 30 July 2021 with ultimate ownership transferring from Advent International Corporation to BDT Capital Partners.

Post year end, the company increased its investments by acquiring Glenpatrick Natural Mineral Water Coolers Limited, Ecco Water Limited and Fohen Ltd in line with the strategy of investing in water filtration and other water related products, which will ultimately benefit the wider group.

This report was approved by the board and signed on its behalf.

.....
T A Bamber

Director

Date: 29 March 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £1,846,166 (2019 - loss £1,226,522).

Directors

The directors who served during the year were:

A D Jones (resigned 22 March 2021)
R M Cibas-Siniakovas (resigned 12 April 2021)
T A Bamber

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board and signed on its behalf.

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T A Bamber
Director

Date: 29 March 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AI AQUA UK LTD

Opinion

We have audited the financial statements of AI Aqua UK Ltd (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AI AQUA UK LTD
(CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AI AQUA UK LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standards 102;
- General Data Protection Regulations; and
- UK tax legislations.

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the parent company and the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary.

We corroborated our inquiries through discussions with management.

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Posting of unusual journals and complex transactions.
 - Inclusion of unrelated expenditure within investments.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AI AQUA UK LTD
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tom Woods ACA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

31 March 2022

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Administrative expenses	(371,595)	(20,494)
Operating loss	(371,595)	(20,494)
Amounts written off investments	(282,090)	-
Interest receivable and similar income	244,195	286,835
Interest payable and expenses	(1,436,676)	(1,492,863)
Loss before tax	(1,846,166)	(1,226,522)
Loss after tax	(1,846,166)	(1,226,522)
Retained earnings at the beginning of the year	(1,226,522)	-
	(1,226,522)	-
Loss for the period	(1,846,166)	(1,226,522)
Retained earnings at the end of the year	(3,072,688)	(1,226,522)

The notes on pages 10 to 15 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	8	72,334,643	68,287,601
		<u>72,334,643</u>	<u>68,287,601</u>
Current assets			
Debtors: amounts falling due after more than one year	9	1,620,071	3,932,433
Debtors: amounts falling due within one year	9	5,852,458	3,167,665
Cash at bank and in hand		4,523,793	39,512
		<u>11,996,322</u>	<u>7,139,610</u>
Creditors: amounts falling due within one year	10	(9,021,135)	(6,850)
Net current assets		<u>2,975,187</u>	<u>7,132,760</u>
Total assets less current liabilities		<u>75,309,830</u>	<u>75,420,361</u>
Creditors: amounts falling due after more than one year	11	(42,782,518)	(41,046,883)
Net assets		<u><u>32,527,312</u></u>	<u><u>34,373,478</u></u>
Capital and reserves			
Called up share capital	12	1	1
Share premium account	13	35,599,999	35,599,999
Profit and loss account	13	(3,072,688)	(1,226,522)
		<u><u>32,527,312</u></u>	<u><u>34,373,478</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
T A Bamber
Director

Date: 29 March 2022

The notes on pages 10 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

AI Aqua UK Ltd is a private company limited by shares, registered in England and Wales. The address of its registered office is disclosed on the company information page. The company has no physical trading address.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of AI Aqua (Luxembourg) S.ar.l as at 31 December 2020 and these financial statements have been filed at Companies' House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The coronavirus pandemic has created significant uncertainty globally and the Company has not been immune to this. The Directors have worked to maintain the continuity of their operations as far as they are able, whilst adhering to Government advice. Whilst the pandemic has had a financial impact on the Company, the Directors have taken relevant measures to ensure they are able to safeguard cashflow to put them in the best possible position once business operations return to normal.

The company has considerable financial resources and its subsidiaries expected to continue to generate profits for the foreseeable future. Culligan ownership brings significant financial and operational resources to Harvey Water Softeners Limited to secure its success and management believes the company is well placed to deliver the expectations of the new ultimate owners.

Therefore, the directors believe that it is appropriate to consider the company to be a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment and include direct acquisition costs.

Investments are assessed at each reporting date to determine whether there is any indication that they are impaired. Where there is any indication that an investment may be impaired, the carrying value is tested for impairment. An impairment loss is recognised for the amount by which the investment carrying amount exceeds its recoverable amount.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of expenses during the reporting period. Actual results may differ from these estimates.

The directors make estimations on investments, in respect of their carrying value or necessary impairment by forecasting future results and knowledge of the business, but do not consider there to be any other judgments or estimation uncertainty that impacts on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,250</u>	<u>4,850</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Directors	<u>4</u>	<u>4</u>

No directors received remuneration from this company (2019 - £nil).

6. Interest receivable

	2020 £	2019 £
Interest receivable from group companies	<u>244,195</u>	<u>286,835</u>
	<u>244,195</u>	<u>286,835</u>

7. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group companies	<u>1,436,676</u>	<u>1,492,863</u>
	<u>1,436,676</u>	<u>1,492,863</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	68,287,601
Additions	4,329,132
Amounts written off	(282,090)
At 31 December 2020	<u>72,334,643</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
HWS Holdings Limited		100
	Ordinary	%
Homewater Limited		100
	Ordinary	%
Water Point Services Limited		100
	Ordinary	%
Pureflo Limited		100
	Ordinary	%
Cascade Water Systems Limited		100
	Ordinary	%

The registered office of all subsidiaries is Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, RG1 3BD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Debtors

	2020 £	2019 £
Due after more than one year		
Amounts owed by group undertakings	1,620,071	3,932,433
	<u>1,620,071</u>	<u>3,932,433</u>
Due within one year		
Amounts owed by group undertakings	5,852,458	3,167,665
	<u>5,852,458</u>	<u>3,167,665</u>

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,728	-
Amounts owed to group undertakings	8,962,557	-
Other creditors	48,000	-
Accruals and deferred income	6,850	6,850
	<u>9,021,135</u>	<u>6,850</u>

11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	42,782,518	41,046,883
	<u>42,782,518</u>	<u>41,046,883</u>

The amounts owed to group undertakings are due to be repaid by December 2023 including any interest accumulated at 3.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

13. Reserves

Profit and loss account

The profit and loss account reserve records retained earnings and accumulated losses.

Capital contribution account

The capital contribution account of £35,999,999 records the injection of cash into the company to acquire the subsidiaries as listed in note 9.

14. Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33.1 not to disclose transactions with the parent undertaking and wholly owned subsidiaries.

15. Post balance sheet events

The company increased its investments by acquiring Glenpatrick Natural Mineral Water Coolers Limited, Ecco Water Limited and Fohen Ltd in line with the strategy of investing in water filtration and other water related products, which will ultimately benefit the wider group.

16. Controlling party

The Company is a wholly owned subsidiary of AI Aqua UK Ltd. The parent undertaking of the smallest group, which includes the company and for which group accounts are prepared, is AI Aqua (Luxembourg) S.ar.l., a company incorporated in Luxembourg.

During the year, Advent International GPE VIII Limited Partnership was the ultimate controlling party by virtue of their control of AI Aqua (Luxembourg) S.ar.l.

On 30 July 2021, the ultimate controlling party changed to BDT Capital Partners by virtue of their control of AI Aqua (Luxembourg) S.ar.l.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.