

TO: Employees of the Aqualung Group
FROM: Michel Abaza, Chairman and CEO
DATE: 13th December 2023

North America reorganization

Closure of Carlsbad and Hawaii - termination of SSP activity in NA

The Aqualung Group has announced on December 12 a progressive shut down of its activities at its Carlsbad (California) and Hawaii facilities and the transfer of its distribution American office to the East Coast.

Our Group has faced important challenges over the last years and our cash burn remains unsustainable today. We must take immediate action to reduce our fixed costs. The closure of the US office is a crucial step in this process. This decision is part of the Group's strategic business orientation to accelerate its ongoing transformation. We will streamline its entire structure in a spirit of simplification at all levels and quickly realign its activities around its core businesses: diving equipment and provision of equipment to Military and Professional customers. All human and financial efforts in the USA will now be dedicated to serving Dive and MP customers. The Group will be exiting the SSP business in the USA and Canada only. SSP range will still be offered outside North America.

This strategy aims at restoring long-term sustainable growth through a more agile and efficient organization to maintain a competitive edge and safeguard its leadership position.

To effectively simplify its organizational structure, reduce fixed costs and restore profitability, we have implemented a centralized organization from Sophia Antipolis (France) where geographies are fading away in favor of a global strategy, with adjustments to local market specificities.

In this context, a decentralized platform in Carlsbad comprising full support and front office functions (in finance, logistics or purchasing) is no longer in line with the streamlined organization announced by the Group in the last weeks. The office in the USA will be transferred to a new facility on the East Coast in the course of the first semester. Several locations are currently under review and we shall be communicating the final decision in the coming week. The office will be dedicated at serving our customers (Dive and Military Professional) with very limited staff - sales representatives, sales marketing, customer support, technical and training center, and a local light logistic and supply chain organization to better serve the North American market.

Staff of PPS and Aqualung Canada are not impacted.

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This situation leads us to take the difficult decision to a progressive shut down of activities at our Carlsbad and Hawaii facilities that will be completed by the end of Q1 2024. I wish to emphasize that this decision is in no way a reflection of the hard work and dedication that our American colleagues have put into their roles. It is a response to our financial challenges and cash constraints, necessary to secure a stable future for the whole Aqualung Group.

Concretely, the closure will have the following consequences for our 83 local employees:

- 60 jobs are being cut (among which 26 jobs will be transitioned out over a 3-month period maximum)
- 23 jobs are being kept, with 16 on remote work and 7 jobs being offered to transfer to a new facility on the East Coast to be opened in H1 2024

Aqualung Group is fully aware of the consequences of this decision for employees. For those directly affected by this decision, we understand that this news may be unsettling, and we are committed to providing support during this transition. Human Resources will be available to discuss severance packages, career counselling, and any other assistance required. We encourage you to reach out to them with any questions or concerns you may have. I want to express our sincere gratitude in the name of Aqualung for your commitment over the last years.

To the wider Aqualung family, we assure you that this decision will strengthen our ability to weather the current economic challenges and position us for sustained growth in the future. Our commitment to excellence, innovation, and collaboration remains unwavering.

Thank you for your understanding and continued dedication. Together, we will emerge stronger as One Aqualung.

Sincerely,

Michel Abaza

Chairman and CEO

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