FLUIDRA, S.A.
AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Directors' Report

31 December 2019

(Together with the Consolidated Audit Report thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Auditor Report on Consolidated Financial Statements

Fluidra, S.A. and Subsidiaries
Consolidated Financial Statments and Consolidated Management Report
for the year ended December 31, 2019

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of Fluidra, S.A.:

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Fluidra, S.A. (the Company) and its Subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2019, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2019, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and other intangible assets

Description	At December 31, 2019 the Group shows goodwill and other intangible assets amounting to 1,104 and 736 million euros, respectively. At least annually, Group Management analyze the recoverable amount of each significant Cash Generating Unit (CGU) to which these assets are allocated. The purpose of this analysis is to conclude about the need to record an impairment loss on goodwill or any other intangible asset. Impairment tests are performed using the discounted cash flow method based on a risk-free rate. We have considered this area a key audit matter since the analyses performed by Group Management require them to make complex estimates and judgments regarding the future results of the CGUs to which the aforementioned assets belong. The description of the balance, movements and recoverability analysis performed on the CGU to which the aforementioned goodwill has been allocated, as well as the information on other intangible assets, are described in Note 7 to the accompanying consolidated financial statements.
Our response	Our audit procedures for this area consisted, among others, in: ▶ Reviewing, in collaboration with our valuation experts, the reasonableness of the method used by Management in the projection of the discounted cash flows of each CGU, covering, specifically, the discount rate used and the long-term growth rate. ▶ Reviewing the financial information projected in the business plan for each CGU by analyzing the historical financial and budget information, the current market conditions, and the forecasts about their potential evolution and public information provided by other sector companies. ▶ Reviewing the disclosures included in the notes to the consolidated financial statements in accordance with the requirements of IAS 36.

Trade and other receivables

Description	At December 31, 2019 the Group has trade and other receivables, net of impairment losses, amounting to 315 million euros. As mentioned in Note 3h. iii) and 3h. iv) to the consolidated financial statements on the most relevant accounting principles applied, the Group estimates trade receivables considered to be doubtful receivables and, if any, records a provision for the financial assets to adjust accounts receivable to their fair value. Management estimate this provision based on individual reviews of trade receivables, as well as on the experience and collection trends in the sector taking into account the current economic and trade conditions. Given the significance and judgment that assessing the collection of trade receivables entails, we have considered this area a key audit matter.

Our response	Our audit procedures for this area consisted, among others, in:

- Assessing the main assumptions and judgments used by Management.
- Comparing Management's estimates with historical collection trends.
- Conducting an analysis of ratios over the Group's estimate of bad debts.
- Recalculating the provision for bad debts based on subsequent events (collections from customers, etc.) and analyzing the economic situation of the debtor.
- Assessing the appropriateness of the information disclosed by the Group in the consolidated financial statements regarding the provisions for doubtful receivables.

Inventories

Description	At December 31, 2019 the Group has recorded inventories in the accompanying consolidated balance sheet for an amount of 259 million euros, net of impairment losses. The several types of inventories are located at different warehouses and factories that the Group has in both Spain and abroad. As indicated in Note 3.j) to the accompanying consolidated financial statements, the Group measures inventories at cost and if their net realizable value becomes lower than acquisition cost the corresponding impairment loss is recorded as an expense in the income statement. Given the relevance and significance of these balances to the consolidated financial statements taken as a whole, and the subjectivity involved in estimating the net realizable value of inventories, we have considered this area a key audit matter.
Our response	Our audit procedures for this area consisted, among others, in:

- A test of details on the cost, actual margins and measurement of obsolete inventory.
- Testing historical costs using samples, by checking the acquisition cost against the original purchase invoice.
- Assessing whether any inventories were sold at a negative margin, by analyzing the last invoices of sales carried out subsequent to year end and up to the date we completed our work.
- Analyzing stock turnover to validate the estimates of obsolete inventories made by Group Management.
- Engaging our IT experts to understand the computer process and validate general and application controls over the software program determining the provision for obsolescence recorded by the Group.

Our audit procedures for checking the physical existence of inventories consisted, among others, in:

- Assessing the relevant internal control procedures, specifically by analyzing the periodical stock counts that the Group carries out and the automatic record of sale transactions. Also, at a date close to year end, we attended a selection of physical inventories carried out at the warehouses and factories to validate the counts made by Group employees, and checked the results of our counts against the results of the counts made by Group employees.

Other information: Consolidated management report

Other information refers exclusively to the 2019 consolidated management report, the preparation of which is the responsibility of the parent Company's directors and is not an integral part of the financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the consolidated management report or where applicable, that the consolidated management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.

b. a general level applicable to the remaining information included in the consolidated management report, which requires us to evaluate and report on the consistency of said information in the consolidated financial statements, based on knowledge of the Group obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the consolidated management report, and that the remaining the information contained therein is consistent with that provided in the 2019 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibility of the Parent Company's Directors and the audit committee for the consolidated financial statements

The directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Parent Company are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The audit committee of the Parent Company is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 prevailing audit regulations in Spain 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 consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's directors.
- Conclude on the appropriateness of the Parent Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Parent Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Parent Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee of the Parent Company

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent Company on March 26, 2020.

Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors for 3 years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2020

CONSOLIDATED ANNUAL ACCOUNTS

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Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2018 and 2017

(Expressed in thousands of euros)

Fluidra, S.A. and Subsidiaries

Consolidated statement of financial position

31 December 2019 and 2018

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Assets	Notes	31/12/2019	31/12/2018
Property, plant and equipment	6	119,976	116,222
Investment property	7	3,166	3,220
Goodwill	8	1,103,856	1,093,689
Other intangible assets	8	736,185	787,325
Right-of-use assets	9	112,659	-
Investments accounted for using the equity method	10	-	28
Non-current financial assets	11	7,376	6,709
Other receivables	15	1,831	2,383
Deferred tax assets	30	85,588	85,020
Total non-current assets		2,170,637	2,094,596
Non-current assets held for sale	13	-	43,869
Inventories	14	259,471	253,330
Trade and other receivables	15	314,745	312,070
Other current financial assets	11	9,713	4,922
Derivative financial instruments	12	291	356
Cash and other cash equivalents		242,240	170,061
Total current assets		826,460	784,608
TOTAL ASSETS		2,997,097	2,879,204
Equity			
Capital		195,629	195,629
Share premium		1,148,591	1,148,591
Retained earnings and other reserves		113,208	107,259
Treasury shares		(14,000)	(13,690)
Other comprehensive income		(3,814)	(5,282)
Equity attributable to equity holders of the parent	16	1,439,614	1,432,507
Non-controlling interests		5,878	8,214
Total equity		1,445,492	1,440,721
Liabilities			
Bank borrowings and other marketable securities	19	857,035	856,454
Lease liabilities		98,587	-
Derivative financial instruments	12	14,951	7,870
Deferred tax liabilities	30	181,154	199,266
Provisions	18	11,406	18,786
Government grants		302	352
Other non-current liabilities	21	22,326	26,469
Total non-current liabilities		1,185,761	1,109,197
Liabilities relating to non-current assets held for sale	13	-	5,818
Bank borrowings and other marketable securities	19	21,862	51,593
Lease liabilities		23,173	
Trade and other payables	20	291,564	247,736
Provisions	18	28,437	24,111
Derivative financial instruments	12	808	28
Total current liabilities		365,844	329,286
TOTAL EQUITY AND LIABILITIES		2,997,097	2,879,204

The accompanying consolidated notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2019.

Fluidra, S.A. and Subsidiaries

Consolidated income statement

31 December 2019 and 2018

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Notes	31/12/2019	31/12/2018
Operating income			
Sales of goods and finished products	24	1,367,550	1,029,641
Income from services rendered	25	24,928	18,184
Work performed by the Group and capitalised as non-current assets		14,157	7,854
Total operating income		1,406,635	1,055,679
Operating expenses			
Changes in inventories of finished goods, work in progress and raw material supplies	23	(666,022)	(538,250)
Personnel expenses	26	(277,872)	(222,952)
Depreciation/amortisation expenses and impairment losses	6, 7, 8 & 13	(129,762)	(66,727)
Other operating expenses	27	(256,089)	(229,585)
Total operating expenses		(1,329,745)	(1,057,514)
Other gains/(losses)			
Profit/(loss) from sale of fixed assets		(1,364)	406
Total other gains/(losses)		(1,364)	406
Operating profit		75,526	(1,429)
Finance income/(cost)			
Finance income		2,803	1,951
Finance cost		(53,792)	(28,111)
Right-of-use finance cost		(4,929)	-
Exchange gains /(losses)		485	(1,436)
Net finance income/(cost)	29	(55,433)	(27,596)
Share in profit/(loss) for the year from investments accounted for using the equity method	10	-	64
Profit/ (loss) before tax from continuing operations		20,093	(28,691)
Income tax	30	(5,982)	(3,856)
Profit/ loss) after tax from continuing operations		14,111	(32,817)
Profit/ (loss) after tax from discontinued operations	13	(114)	895
Consolidated profit/ (loss) after tax		13,997	(31,922)
Profit attributed to non-controlling interests		5,675	2,000
Profit attributed to equity holders of the parent		8,322	(33,922)
From continuing operations		8,436	(34,817)
From discontinued operations		(114)	895
EBITDA	36	205,288	65,362
Basic and diluted earnings/(losses) per share from continuing operations (euros)	17	0.04342	(0.22859)
Basic and diluted earnings/(losses) per share (euros)	17	0.04283	(0.22271)

Fluidra, S.A. and Subsidiaries

Consolidated statement of comprehensive income

for the years ended 31 December 2019 and 2018

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

		31/12/2019	31/12/2018
Profit / (loss) for the year		13,997	(31,922)
Items that will be reclassified to profit and loss			
Cash flow hedges	Note 12	(7,029)	(6,790)
Actuarial gains and losses		(160)	11
Exchange gains/(losses) on financial statements of foreign operations		6,932	971
Tax effect		1,524	1,567
Other comprehensive income for the year, net of tax		1,267	(4,241)
Total comprehensive income for the year		15,264	(36,163)
Total comprehensive income attributable to:			
Equity holders of the parent		9,790	(38,137)
From continuing operations		9,017	(38,060)
From discontinued operations		773	(77)
Non-controlling interests		5,474	1,974
		15,264	(36,163)

The accompanying consolidated notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2019.

Fluidra, S.A. and Subsidiaries

Consolidated statement of changes in equity
for the years ended 31 December 2019 and 2018
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Equity attributable to equity holders of the parent									
						Other comprehensive income				
	Capital	Share premium	Legal reserves	Accumulated gains	Treasury shares	Currency translation differences	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	112,629	92,831	15,642	120,503	(6,888)	(125)	(942)	333,650	10,034	343,684
Profit (loss) for the year	-	-	-	(33,922)	-	-	-	(33,922)	2,000	(31,922)
Other comprehensive income	-	-	-	-	-	996	(5,211)	(4,215)	(26)	(4,241)
Total comprehensive income for the year	-	-	-	(33,922)	-	996	(5,211)	(38,137)	1,974	(36,163)
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Disposal of entities	-	-	-	-	-	-	-	-	-	-
Capital increase	83,000	1,055,760	-	(137)	-	-	-	1,138,623	575	1,139,198
Change in ownership interest	-	-	-	(822)	-	-	-	(822)	(724)	(1,546)
Treasury shares	-	-	-	1,430	(6,802)	-	-	(5,372)	-	(5,372)
Equity-based payments	-	-	-	4,576	-	-	-	4,576	-	4,576
Other	-	-	24,498	(24,509)	-	-	-	(11)	4	(7)
Dividends	-	-	-	-	-	-	-	-	(3,649)	(3,649)
Balance at 31 December 2018	195,629	1,148,591	40,140	67,119	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721
Profit (loss) for the year	-	-	-	8,322	-	-	-	8,322	5,675	13,997
Other comprehensive income	-	-	-	-	-	7,135	(5,667)	1,468	(201)	1,267
Total comprehensive income for the year	-	-	-	8,322	-	7,135	(5,667)	9,790	5,474	15,264
Inclusion of entities	-	-	-	-	-	-	-	-	4	4
Disposal of entities	-	-	-	-	-	-	-	-	(2,366)	(2,366)
Change in ownership interest	-	-	-	1,936	-	-	-	1,936	(1,072)	864
Treasury shares	-	-	-	(8,623)	(310)	-	-	(8,933)	-	(8,933)
Equity-based payments	-	-	-	4,314	-	-	-	4,314	-	4,314
Dividends	-	-	-	-	-	-	-	-	(4,376)	(4,376)
Balance at 31 December 2019	195,629	1,148,591	40,140	73,068	(14,000)	8,006	(11,820)	1,439,614	5,878	1,445,492

The accompanying consolidated notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2019.

Fluidra, S.A. and Subsidiaries

Consolidated statement of cash flows
for the years ended 31 December 2019 and 2018
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Note	2019	2018
Cash flows from/(used in) operating activities			
Profit for the year before tax		19,979	(27,977)
Adjustments for :			
Amortisation/depreciation	6, 7 & 8	125,958	61,002
Adjustments due to impairment of receivables	27	4,224	3,336
Provision for/(reversal of) impairment losses on assets	6 & 8	3,804	9,198
Provision for/(reversal of) impairment losses on financial assets	29	355	(66)
Provision for/(reversal of) losses on risks and expenses		1,845	2,880
Provision for/(reversal of) losses on inventories	23	5,721	28
Income from financial assets	29	(1,481)	(330)
Finance costs	29	51,886	25,700
Exchange (gains)/losses		(485)	691
Share in (profit)/loss for the year from associates accounted for using the equity method		-	(64)
(Profit)/loss from the sale of property, plant and equipment and other intangible assets		(336)	56
(Profit)/loss on the sale of subsidiaries	5	1,700	-
Government grants recognised in profit and loss		(100)	(149)
Adjustments to consideration paid against gains/losses on business combinations	29	4,313	1,315
Share-based payment expenses	31	12,166	4,576
(Profit)/loss from derivative financial instruments at fair value through profit or loss		810	(466)
Operating profit before changes in working capital		230,359	79,730
Changes in working capital, excluding effects of acquisitions and currency translation differences			
Increase/(decrease) in trade and other receivables		(35,851)	(28,992)
Increase/(decrease) in inventories		(14,250)	22,683
Increase/(decrease) in trade and other payables		26,577	(6,954)
Utilization of provisions		(879)	(1,192)
Cash from operating activities		205,956	65,275
Interest paid		(48,186)	(23,372)
Interest received		1,544	330
Corporate income tax paid		(3,771)	(10,860)
Net cash from operating activities (*)		155,543	31,373
Cash flows from/(used in) investing activities			
From the sale of property, plant and equipment		2,891	2,824
From the sale of other intangible assets		338	66
From the sale of financial assets		2,497	1,703
Dividends received		28	36
From the sale of subsidiaries, net of cash drawn down	5	29,176	-
Proceeds from the sale of subsidiaries in prior years		-	124
Acquisition of property, plant and equipment		(26,737)	(26,561)
Acquisition of intangible assets		(20,301)	(12,176)
Acquisition of other financial assets		(7,104)	(6,865)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	5	-	34,558
Payments for acquisitions of subsidiaries in prior years		(7,344)	(9,494)
Net cash from/(used in) investing activities (*)		(26,556)	(15,785)
Cash flows from/(used in) financing activities			
Share issues		-	(138)
Payments for repurchase of treasury shares		(10,177)	(7,677)
Proceeds from the sale of treasury shares		1,246	2,302
Proceeds from grants		50	2
Proceeds from bank financing		5,598	879,377
Payments from bank borrowings		(46,185)	(768,663)
Lease liability payments		(15,601)	-
Dividends paid		(4,376)	(3,649)
Net cash from/(used in) financing activities (*)		(69,445)	101,554
Net increase/(decrease) in cash and cash equivalents		59,542	117,142
Cash and cash equivalents at 1 January		181,233	64,756
Effect of currency translation differences on cash flows		1,465	(665)
Cash and cash equivalents at 31 December		242,240	181,233

(*) Includes the cash flows arising from continuing and discontinued operations (Note 10).

The accompanying consolidated notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2019.

1. Nature, principal activities and companies comprising the Group

Fluidra, S.A. (hereinafter the Company) was incorporated as a limited liability company for an indefinite period in Girona on 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 activity consists of the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in the accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed also in that Appendix. Group companies have been consolidated using the financial statements prepared/approved for issue by the corresponding managing bodies and Board of Directors.

Share capital is represented by 195,629,700 ordinary shares with a par value of Euros 1 each, fully subscribed and paid up.

On 31 October 2007 Fluidra, S.A. (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 quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

On 2 July 2018, and within the framework of the merger agreement between the Fluidra Group and the Zodiac Group, Fluidra, S.A. increased its share capital for a nominal amount of Euros 83,000,000 by issuing and circulating 83,000,000 ordinary shares of Euros 1 par value each, which were fully subscribed by Piscine Luxembourg Holdings 2 S.à.r.l. (penultimate shareholder of the Luxembourg company Zodiac Pool Solutions S.à.r.l., which is the parent 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 was allocated to the share premium.

2. Basis of presentation

The consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group, according to the going concern principle. The 2019 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU) and other financial reporting framework provisions in order to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and its subsidiaries at 31 December 2019 and its consolidated financial results, consolidated cash flows and changes in consolidated equity for the year then ended.

a) Basis of presentation of the consolidated financial statements

These financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments at fair value through profit or loss.

(Continues)

(b) Comparative information

For comparative purposes, the consolidated annual accounts include the 2019 consolidated figures in addition to those of the prior year for each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the notes thereto, which were part of the 2018 consolidated annual accounts approved by the shareholders at their general meeting on 8 May 2019. All headings in the consolidated income statement for this year have been affected by the merger with the Zodiac Group, which took effect for accounting purposes on 2 July 2018. The figures in the consolidated income statement are not therefore comparable. If the acquisition had occurred on 1 January 2018, the Group's sales of goods and finished products would have increased by Euros 286,014 thousand and consolidated profit after tax would have increased by Euros 54,841 thousand.

In addition, the impact of applying IFRS 16 (see note 2 d), note 9, note 27 and note 29) must also be taken into account for the purposes of comparing the 2019 income statement with the 2018 income statement.

The Group's accounting policies that are described in note 3 have been consistently applied to the year ended 31 December 2019 and the accompanying comparative information at 31 December 2018.

All significant mandatory accounting principles have been applied.

The Parent's Directors expect these 2019 consolidated financial statements, which were authorized for issue on 25 March 2020, to be approved by the shareholders at their general meeting without modification.

c) Significant accounting estimates and key assumptions and judgements when applying accounting policies

In the preparation of the consolidated financial statements in accordance with IFRS-EU, Group Management is required to make judgements, estimates and assumptions affecting the adoption of the standards and the amounts of assets, liabilities, income and expenses. The estimates and assumptions adopted are based on historical experience and various other factors understood to be reasonable under the existing circumstances.

In the Group's 2019 consolidated financial statements, estimates were occasionally used in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These relevant accounting estimates and assumptions mainly relate to:

- The useful life and fair value of the customer portfolio and other intangible assets (note 8).
- The assumptions used in determining the fair value/value in use of the Cash Generating Units (CGUs) or group of CGUs for the purposes of evaluating potential impairment of goodwill and other assets (see note 8).
- Assessment of technical and commercial feasibility of development projects in progress (see notes 3 (d)(ii) and 8).
- Estimate of expected credit losses from receivables and obsolete inventory (see notes 3 i) k), 14 and 15).
- The fair value of financial instruments and of certain unquoted financial assets (see notes 11 and 12).
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Grupo Zodiac, I.D. Electroquímica, S.L., Fluidra Waterlinx Pty, Ltd, SIBO Fluidra Netherlands B.V., Agrisilos, S.R.L., Riiot Labs NV/SA and Grand Effects (see notes 3 a) i) 20 and 21). Liabilities for contingent considerations correspond to level 3 fair value hierarchy in accordance with IFRS 13.
- The fair value of the commitment to the Company's management team to acquire an ownership interest in the Company's share capital (see notes 3 q) and 31).
- Estimates and judgements related to provisions for litigation (see notes 3 p) and 18).

- Assessment of the recoverability of tax credits, including prior years' tax losses and rights to deduction. Deferred tax assets are recognised to the extent that future tax profit is available against which temporary differences can be charged, based on the management's assumptions about the amount of and payment schedules for future tax profit. Additionally, in the case of deferred tax assets related to investments in group companies, their capitalization takes into account whether they will be reversed in the foreseeable future (see notes 3 s) and 30).

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2019, events may occur in the future which require adjusting these estimates (upwards or downwards) in future reporting periods. Any effect on the consolidated financial statements of adjustments made in future reporting periods is recognised prospectively.

Additionally, the main judgements made by the Company's Management in identifying and selecting the criteria applied in the measurement and classification of the main items presented in the consolidated financial statements are as follows:

- Reasons supporting the transfer of risks and rewards in leases and in the recognition of disposals of financial assets and liabilities (see notes 3 h) and 27).
- Reasons supporting the classification of assets as investment property (see notes 3 e) and 7).
- Assessment criteria for impairment of financial assets (see notes 3 i) (iii) and 11),
- Judgements made to calculate the lease terms of agreements that can be renewed (see note 3 f) iv)) and,
- Reasons supporting the capitalization of development projects (see notes 3 (d) (ii) and 8).

d) Changes in IFRS-EU standards in 2019

The accounting standards used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2018, except for the new standards and any amendments that are applicable as of 1 January 2019, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2019.
  - IFRS 16 Leases
  - IFRIC 23 Uncertainty over income tax treatments
  - Annual improvements to IFRS (2015-2017)
  - Amendments to IAS 19 Accounting for a defined benefit plan amendment, curtailment or settlement
  - Amendments to IAS 28 Non-current investments in associates and joint ventures
  - Amendments to IFRS 9 Prepayment features with negative compensation

Apart from IFRS 16, the remaining standards, interpretations and amendments have not had a significant impact on the consolidated annual accounts.

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 Determining *whether an Arrangement contains a Lease*, SIC-15 *Operating Leases* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. This standard specifies the criteria for recognising, measuring, presenting and disclosing leases and requires lessees to use a single accounting model for all leases. The standard however does not substantially change lessor accounting compared to IAS 17. IFRS 16 has not therefore had a significant impact on the leases in which the Group is the lessor.

The Group has applied IFRS from the initial adoption date of 1 January 2019 using the modified retroactive method. Under this method, the cumulative effect of the initial application has been recorded as an adjustment to the opening balance. The comparative figures for the prior year have not been restated.

For transition purposes, at the date of initial application the Group has decided to use the practical solution of applying IFRS 16 only to leases that have already been identified as such in accordance with previous standards (IAS 17 and IFRIC 4). The Group has also decided to apply the exemptions proposed by the standard to lease contracts ending within the 12 months following the date of initial application ("short-term leases") and to lease contracts for which the underlying asset is of low value ("low value assets").

The impact of adopting IFRS 16 is as follows:

	Amount (thousands of euros)
Right-of-use assets	109,097
Property, plant, and equipment	(8,857)
NON-CURRENT ASSETS	100,240
Equity attributable to parent company	-
Non-controlling interests	-
EQUITY	-
Non-current lease liabilities	82,458
Bank borrowings and other marketable securities - non-current	(159)
NON-CURRENT LIABILITIES	82,299
Current lease liabilities	19,312
Bank borrowings and other marketable securities - current	(1,371)
CURRENT LIABILITIES	17,941

Property, plant and equipment, amounting to Euros 8,857 thousand, relating to leases previously classified as finance leases are included as part of the right-of-use. In addition to the lease liabilities recognised in the initial application at 1 January 2019, the Group had lease liabilities amounting to Euros 1,530 thousand relating to the lease contract liabilities previously classified as finance leases and included under Bank borrowings and other marketable securities.

Nature of the impact of IFRS 16

The Group acts as lessee of several industrial warehouses, sales offices, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, at the start of these contracts the Group assessed whether they were operating or finance leases. The lease was classified as a finance lease if substantially all the risks and rewards incidental to ownership of the asset were transferred. If this wasn't the case, it was classified as an operating lease.

Under finance leases, a fixed asset was recognised at the lower of the fair value of the asset and the present value of the minimum payments under the contract. The financial liability was subsequently recognised at amortised cost.

Under operating leases, no asset was recognised in the balance sheet but an expense was recognised in the income statement on a straight-line basis over the lease term. Any prepayments or accrued income were recorded as a current accrual or an account payable, respectively.

In contrast, with the adoption of IFRS 16, the Group applies a single recognition and measurement model for all leases in which it acts as lessee, except for low value assets and short-term leases.

The standard provides certain practical solutions and transition requirements that the Group have applied:

- Leases previously classified as finance leases

The Group has not changed the carrying amount of the assets and liabilities recognised at the date of initial application of the leases previously classified as finance leases. In other words, rights of use and lease liabilities are the same as the assets and lease liabilities recognised under IAS 17. The requirements of IRFS 16 for this kind of lease have therefore been applied from 1 January 2019 onwards.

- Leases previously classified as operating leases

The Group has recognised the rights of use and lease liabilities of leases previously classified as operating, except for short-term leases and leases relating to low value assets.

Lease liabilities have been calculated at the present value of outstanding payments using the incremental interest rate on the date of initial application. Right-of-use has been calculated at the same amount as the lease liabilities, adjusting the prepayments made.

The Group has also applied the following available practical solutions:

- The same discount rate is applied to a portfolio of contacts with similar characteristics.
- The onerous contract assessment in IAS 37 is used instead of performing an impairment review on the initial date of application.
- Leases ending within twelve months or less following the date of initial application are considered to be short-term leases.
- Current information is used.
- Incremental direct costs are not used to measure the right-of´-use.

In terms of presentation, rights of use and lease liabilities have been presented separately from other assets and liabilities in the consolidated statement of financial position.

The reconciliation of lease liabilities recognised in the transition to IFRS 16 on 1 January 2019 with the operating lease commitments detailed in the annual accounts at 31 December 2018 is as follows:

	Amount (thousands of euros)
Operating lease commitments at 31 December 2018 detailed in the 2018 Annual Accounts (see note 28)	135,097
Effect of discount using the relevant interest rate	(32,663)
Short-term and low value leases	(3,181)
Adjustments resulting from different treatment of extension and termination and other options	987
Lease liabilities recognised at 1 January 2019	**100,240**

IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 Uncertainty over income tax treatments clarifies how to apply the recognition and measurement requirements under IAS 12 Income tax when there is uncertainty over income tax treatments. Under these circumstances, an entity will reflect the effect of the uncertainty when determining taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.

The Group has analysed possible uncertain tax treatments and the application of this interpretation has not had a significant impact on the consolidated annual accounts, except for classification purposes (see notes 18 and 30).

- Standards and interpretations issued by the IASB but not applicable in 2019

  The Group adopts the standards, interpretations and amendments to the standards issued by the IASB when they come into force, if applicable.

3. Significant accounting principles applied

The most significant ones are summarized as follows:

a) Consolidation principles

i) Subsidiaries and business combinations

Subsidiaries are companies, including structured entities, over which the Company holds direct or indirect control through subsidiaries.

The Company holds control over a subsidiary when it is exposed to, or has the right to receive, variable yield as a result of its involvement in it, and has the capacity to influence such yield through the power it exercises over the subsidiary. The Company is authorised to direct the relevant activities when valid substantive rights are held. The Company is exposed to, or has the right to receive, variable yield as a result of its involvement in the subsidiary when the yield it obtains from such involvement may vary based on the economic evolution of the entity (IFRS 10.6, 10 and 15).

The subsidiaries' income, expenses and operating cash flows are consolidated from the acquisition date, i.e., the date on which the Group obtains effective control over them. Subsidiaries are no longer consolidated from the date on which such control is relinquished.

The Group availed itself of the exception contemplated in IFRS 1 First-time adoption of International Financial Reporting Standards so that only business combinations undertaken after 1 January 2005, the IFRS-EU transition date, have been accounted for using the acquisition method. Acquisitions completed prior to the transition date were accounted for in accordance with the then-prevailing accounting principles, corrected and adjusted as required as of the transition date.

Business combinations made prior to 1 January 2010

The cost of the business combinations made prior to 1 January 2010 was determined at acquisition date as the sum of the fair values of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the Group in exchange for control of the acquiree, additionally including any cost directly attributable to the acquisition. Additionally, adjustments to the cost of the business combination that depend on future events are part of such cost provided that the amount is probable and can be measured reliably.

The cost of the business combination was allocated between the fair values of the acquired assets, assumed liabilities and contingent liabilities (net identifiable assets) of the acquired company. This criterion was not applied to non-current assets and disposal groups held for sale measured at fair value less cost to sell.

The surplus between the cost of the business combination and the Group's interest in the fair value of the acquired entity's net identifiable assets was recorded as goodwill, whereas the shortfall, if any, is recorded in profit or loss once the cost of the combination and fair values have been duly reconsidered.

The cost of the business combination included the contingent considerations, provided that they were probable and could be estimated reliably at the date of acquisition. Subsequent measurement of contingent considerations or subsequent changes therein is recorded as a prospective adjustment to the cost of the business combination.

Business combinations made after 1 January 2010

The consideration transferred in the business combination is determined at the acquisition date and calculated as the sum of the fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any contingent consideration depending on future events or compliance with certain conditions in exchange for the control of the business acquired.

The consideration transferred excludes any amounts that do not form part of the exchange for the acquiree. Acquisition-related costs are recognised as incurred.

At the acquisition date the Group recognises any assets acquired and liabilities assumed at their fair value. The liabilities assumed include contingent liabilities to the extent that they represent present obligations that arise as a result of past events and their fair value can be reliably measured.

The assets acquired and liabilities assumed are classified and designated for subsequent measurement purposes on the basis of contractual agreements, financial terms, accounting policies, operating conditions and other pertinent circumstances that exist at the acquisition date, except for lease and insurance agreements.

The excess over the consideration transferred, plus any non-controlling interest in the acquiree and the net amount of assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall after assessing the amount of consideration transferred, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, is recognised in profit or loss.

Contingent consideration is classified as a financial asset or liability, equity instrument or provision in accordance with the underlying contractual conditions. To the extent that subsequent changes in fair value of a financial asset or liability are not due to an adjustment to the measurement period, they are recorded in consolidated profit or loss. The contingent consideration classified as equity is not subsequently updated, and its settlement is likewise recognised in equity. The contingent consideration classified as a provision is subsequently recognised at fair value through profit or loss.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated on consolidation. If any, unrealized losses on the transfer of assets between group companies have been deemed an indication of the potential impairment of the assets transferred.

The subsidiaries' accounting policies have been aligned with those used by the Group for like transactions and events in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process refer to the same presentation date and reporting period as those of the Parent.

ii) Non-controlling interests

Non-controlling interest in a subsidiary are recorded at the percentage of the ownership held in the fair value of the net identifiable assets acquired, and are presented in equity separately from the equity attributed to the equity holders of the Parent. Non-controlling interest in consolidated profit/(loss) and consolidated total comprehensive income for the year are likewise presented separately in the consolidated income statement and the consolidated statement of comprehensive income, respectively.

The Group's share and the non-controlling interest in consolidated profit/(loss) for the year (consolidated total comprehensive income for the year) and in changes in equity of the subsidiaries, net of adjustments and eliminations on consolidation, is determined based on the ownership interest held at year end, excluding the possible exercise or conversion of potential voting rights and after discounting the effect of agreed or non-agreed dividends on cumulative preference shares that may have been classified in the equity accounts. However, the existence or absence of control is determined considering the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently grant access to the economic benefits associated with the ownership interest, that is, the right to receive future dividends and changes in the value of subsidiaries.

Surplus losses attributable to non-controlling interests generated prior to 1 January 2010 that are not allocable to such interests, as they exceed the amount of the equity interest in the related subsidiary, are recognised as a reduction in equity attributable to owners of the parent, unless the non-controlling interests have a binding obligation to assume some or all of such losses and have the capacity to make any additional investments necessary. Any profits obtained subsequently by the Group are then allocated to equity attributable to owners of the parent until the amount of losses absorbed in prior reporting periods in respect of non-controlling interests has been replenished.

From 1 January 2010, the results and each component of other comprehensive income are allocated to equity attributable to owners of the Parent and to the non-controlling interests in proportion to their respective ownership interests, even if this implies a negative non-controlling interests balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Transactions with non-controlling interests

The increase or decrease in non-controlling interest of a subsidiary with no loss of control is recognised as a transaction with equity instruments. Therefore, no new acquisition cost arises as a result of an increase, nor any gain or loss is recognised from a decrease, but the difference between the consideration paid or received and the carrying amount of non-controlling interest is recognised in the investing company's reserve, without prejudice to reclassifying the consolidation reserves and reallocating the other comprehensive income between the Group and the non-controlling interest. In a decrease in the Group's ownership interest in a subsidiary, non-controlling interest is recorded for its share in consolidated net assets.

Put options granted prior to 1 January 2010

The Group recognises put options on ownership interest in subsidiaries granted to non-controlling interest at the date of acquisition of a business combination as an advance acquisition of such interest, recording a liability for the present value of the best estimate of the amount payable, which is part of the cost of the business combination.

Subsequently, the change in the liability due to the effect of the financial discount is recorded as a finance cost in profit or loss, and the rest is recognised as an adjustment to the cost of the business combination. Any dividends paid to non-controlling interests until the date of exercise of the options are likewise recognised as an adjustment to the cost of the business combination. If finally the options are not exercised, the transaction is recognised as a sale to non-controlling interest.

Put options granted subsequent to 1 January 2010

The Group recognises put options on ownership interest in subsidiaries granted to non-controlling interest at the date of acquisition of a business combination as an advance acquisition of such interest, recording a financial liability for the present value of the best estimate of the amount payable, which is part of consideration paid.

Subsequently, the change in the financial liability is recognised as a finance cost or income in profit or loss. Discretionary dividends, if any, paid to non-controlling interests up to the date the options are exercised, are recognised as a distribution of earnings, reflecting this amount as an increase in profits attributable to non-controlling interests. In the event that dividends are predetermined or incorporated into the measurement of the financial liability, settlement is discounted from the financial liability's carrying amount.

If finally the options are not exercised, the transaction is recognised as a sale of shares to non-controlling interests.

iii) Associates

Associates are defined as the entities over which the Company has significant influence, either directly or through other subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of an entity but no control or joint control over is held.

Investments in associated entities are recorded using the equity accounting method from the date significant influence is exercised until the date on which the Company can no longer prove this influence exists.

The acquisition of associates is recorded by applying the acquisition method used for subsidiaries. Goodwill, net of accumulated impairment losses, is included in the carrying amount of the investment accounted for using the equity method.

iv) Impairment

The Group applies the impairment criteria contained in IAS 9: Financial instruments, so as to determine whether it is necessary to recognise any additional impairment loss with respect to the net investment in the associate or in any other financial asset held with it as a result of applying the equity method.

b) Foreign currency

i) Functional and presentation currency

The consolidated annual accounts are presented in thousands of Euros rounded to the nearest thousand. The Euro is the Parent Company's functional and presentation currency.

ii) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing between the functional currency and the foreign currency at the transaction dates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing exchange rate, while non-monetary items measured at historical cost are translated at the exchange rate prevailing at the transaction date. Exchange gains and losses arising on the settlement of foreign currency transactions and on the translation into euros at the closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

In the presentation of the consolidated statement of cash flows, cash flows from transactions in foreign currencies are translated into euros applying the exchange rates approximate to those existing at the date the cash flows occurred. The impact of fluctuations in exchange rates on cash and cash equivalents denominated in foreign currency is presented under a separate caption in the statement of cash flows as "Exchange gains/(losses) on cash and cash equivalents".

The Group presents the effect of the conversion of deferred tax assets and liabilities denominated in foreign currency together with the deferred income tax in profit or loss.

iii) Translation of foreign operations

The translation into euros of foreign operations whose functional currency is not the currency of a hyperinflationary country is made using the following criteria:

- Assets and liabilities, including any goodwill and any adjustments to the net assets arising on the acquisition of foreign operations, including comparative balances, are translated at the closing exchange rate at the balance sheet date;
- Income and expenses, including comparative balances, are translated at the exchange rate prevailing at the date of each transaction; and
- All exchange gains or losses derived from applying the above-mentioned criteria are recognised as translation differences in other comprehensive income.

In the presentation of the consolidated statement of cash flows, cash flows, including comparative balances, from the foreign subsidiaries are translated into euros applying the exchange rates prevailing at the date the cash flows occurred.

Translation differences related to foreign operations recognised in other comprehensive income are recorded jointly under one line in profit or loss and when recognition in profit or loss related to the disposal of such operations occurs.

(c) Property, plant and equipment

I) Assets for own use

Property, plant and equipment are measured at acquisition cost less any accumulated depreciation and any impairment losses. The cost of property, plant and equipment built by the Group is determined following the same criteria as those used for acquired property, plant and equipment, considering also the principles established for the production cost of inventories. The capitalization of the production cost is recognised under Work performed by the Group and capitalized as non-current assets in the consolidated income statement.

The cost of property, plant and equipment includes the acquisition price less any trade discounts or rebates plus any cost directly related to its location on the place and under the conditions necessary for it to operate as expected by the Directors and, where appropriate, the initial estimate of dismantling or disposal costs, as well as the restoration of the land it is located on, provided that these obligations are assumed as a result of its use and for purposes other than the production of inventories

The Group records separately the items of a complex asset whose useful lives are different from the main asset's useful life.

ii) Investment in rented premises

The Group recognises permanent investments in properties leased from third parties following the same criteria as the ones used for property, plant and equipment items. These investments are depreciated over the shorter of the useful life of the asset or over the lease term. To this effect, the determination of the lease term is consistent with that established for its classification. In the event that the full-term execution of the lease agreement is uncertain, a provision is recorded for the estimated amount of the net carrying amount of irrecoverable investments. Likewise, the cost of these investments includes the estimated costs of dismantling and disposing of the assets and restoring the land they are located on that the Group shall pay at the end of the agreement; thus, a provision is recorded for the present value of the estimated cost that is expected to be incurred.

iii) Costs subsequently incurred

The Group recognises as an increase in the cost of the assets, the replacement cost of an asset's items when incurred, provided that it is probable that additional future economic benefits will be obtained from the asset and that the cost can be measured reliably. Other costs, including repair and maintenance expenses on property, plant and equipment items are charged to the profit and loss account in the period incurred.

iv) Depreciation

Property, plant and equipment items are depreciated by allocating their depreciable amount, which is the acquisition cost less residual value, on a straight-line basis over their useful lives. Depreciation is determined separately for each portion of a property, plant and equipment item that has a significant cost in relation to the total cost of the item.

Land is not depreciated. The depreciation of property, plant and equipment items is determined as follows:

	Estimated years of useful life
Buildings	33-45
Plant and machinery	3-10
Other installations, equipment and furniture	3-10
Data processing equipment	2-5
Transport equipment	3-8
Other property, plant and equipment	4-10

At each year end, the Group reviews the residual value, useful life and depreciation method of property, plant and equipment items. Any changes to initially established criteria are accounted for as a change in accounting estimates.

v) Impairment

The Group measures and determines impairment losses on property, plant and equipment and any reversals thereof in accordance with the criteria described in note 3 g).

d) Intangible assets

i) Goodwill

Goodwill is determined following the criteria indicated in note 3 (a)(i) Subsidiaries and business combinations.

Goodwill is not amortized but it is tested for impairment at least once a year, or more frequently if an event is identified that could give rise to a potential impairment loss on the asset. Goodwill arisen in business combinations is allocated to each cash-generating unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination, applying the criteria outlined in section note 3 g). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill arisen in business combinations prior to 1 January 2005 is shown at its net carrying amount as indicated in the annual accounts for the year ended 31 December 2004, considering such carrying amount as an attributed cost.

Internally generated goodwill is not recognised as an asset.

ii) Internally generated intangible assets

Costs related to research activities are recognised as an expense when incurred. The costs related to development activities of certain products are capitalized to the extent that:

- The Group has technical studies available that support the feasibility of the production process;
- There is a commitment by the Group to complete the production of the asset so that it is available for sale;
- The asset will generate enough economic profit through future sales in the markets in which the Group operates;
- The Group has the technical and financial (or other) resources necessary to complete the asset and has developed budget control systems and analytical accounting systems to monitor budgeted costs, modifications made and costs actually incurred in the projects.

The cost of the assets generated internally by the Group is determined following the same criteria as for determining the production cost of inventories. The production cost is capitalized through the payment of the costs attributable to the asset in the Work performed by the Group and capitalized as non-current assets caption in the consolidated income statement.

Additionally, the costs incurred in the performance of activities that contribute to developing the value of the businesses in which the Group operates as a whole are recorded as expenses when incurred.

Also, replacements or subsequent costs incurred on intangible assets are generally recorded as expenses, unless they increase the future economic benefits expected from the assets.

iii) Intangible assets acquired in business combinations

Since 1 January 2005 identifiable intangible assets acquired in business combinations have been measured at fair value at acquisition date, provided that fair value can be determined reliably. Subsequent costs related to research and development projects are recorded following the criteria used for internally generated intangible assets.

Customer portfolios acquired mainly include the value of the relation existing between the corresponding company and their customers, which has arisen as a result of a contract and, therefore, are identified as intangible assets in accordance with a contractual and legal criterion. Additionally, the patents acquired include the value of the technologies for manufacturing certain products, and arose as a result of a contract. They have been measured at market value using generally accepted measurement methods based on discounted cash flows. Additionally, finite useful lives have been calculated based on historical evidence of the renewal of the continuing relation with these customers and based on the residual period for the right to use the patents, considering expected technical obsolescence.

iv) Other intangible assets

Other intangible assets are presented in the consolidated statement of financial position at cost, less any accumulated amortization and any impairment losses.

v) Useful life and amortisation

The Group assesses the intangible asset's useful life to be either finite or indefinite. An intangible asset is deemed to have an indefinite useful life when the period over which it will generate net cash inflows has no foreseeable limit.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment.

Intangible assets with finite useful lives are amortised by allocating the amortisable amount over their useful lives using the following criteria:

	Amortisation method	Estimated years of useful life
Development costs	Straight-line basis	3-15
Industrial property and patents	Straight-line basis	5-8
Computer software	Straight-line basis	3-5
Relations with customers	Declining-balance method	3-61
Other intangible assets	Declining-balance method / Straight-line basis	5-8

To this end, depreciable amount is understood as acquisition cost less residual value.

The Group reviews the residual value, useful life and amortisation method of intangible assets at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

vi) Impairment of assets

The Group measures and determines impairment losses on intangible assets and any reversals thereof in accordance with the criteria described in note 3 g).

e) Investment property

Investment property is property fully or partially held for obtaining income, gains or both rather than for producing or providing goods or services. Investment property is initially measured at cost, including transaction costs.

Investment property is subsequently measured following the cost criteria established for property, plant and equipment. Depreciation methods and useful lives are presented in that section.

f) Right-of-use assets and Lease liabilities

i) Right- of-use

The Group recognises the right-of-use at the start of a lease. That is, the date on which the underlying asset is available for use. Right-of-use is measured at cost, less accumulated amortisation and impairment losses, and is adjusted for any changes in the measurement of the associated lease liabilities. The initial cost of the right-of-use includes the recognised lease liabilities, initial direct costs and lease payments made before the start of the lease. Incentives received are deducted from the initial cost. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the right-of-use is amortised on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use is subject to impairment analysis.

ii) Lease liabilities

At the start of the lease, the Group recognises the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less lease incentives, variable payments depending on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain of exercising this option and lease termination penalty payments if the term of the lease reflects the Group's exercising of the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment arises.

When calculating the present value of lease payments, the Group uses the incremental interest rate at the lease start date if the interest rate implicit in the lease cannot be easily determined. After the start date, the lease liability amount is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the lease liability is re-measured if an amendment is made, the lease term is changed, the in-substance fixed lease payments are changed or the assessment for purchasing the underlying asset is changed. The liability also increases if there is a change in future lease payments arising from a change in the index or rate used to calculate these payments

The incremental financing rate used by the Group is differentiated by the homogeneous portfolio of leases, country and lease term. The weighted average of the incremental interest rate in 2019 is 2.56%.

iii) Short-term and low value leases

The Group applies the practical exemption for recognising the short-term leases of its machinery and equipment where the lease term is twelve months or less from the start date and where there is no purchase option. It also applies the low-value asset recognition exemption to office equipment leases that are considered low-value. Lease payments under short-term and low-value leases are recognised on a straight-line basis over the term of the lease.

iv) Judgements made to calculate the lease terms of contracts with renewal options.

The Group calculates the lease term as the non-cancellable period, plus the optional extension periods, if there is reasonable certainty that this option will be exercised. It has been estimated that all optional extensions will be exercised for most leases. Periods covered by the option to terminate the lease early are also included, if there is reasonable certainty that this option will not be exercised.

g) Impairment of non-financial assets

The Group assesses whether there are indications that depreciable or amortisable non-financial assets may be impaired, including entities accounted for using the equity method, in order to determine if the carrying amount of said assets exceeds their recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of an asset's value in use reflects an estimate of the future cash flows expected to derive from the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Negative differences arisen as a result of comparing the carrying amounts of the assets with their recoverable amounts are recorded in profit or loss.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses on cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit up to the highest of its fair value less costs to sell, its value in use and zero.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill may not be reversed. Impairment losses on assets other than goodwill are reversed if, and only if, there has been a change in the estimates used to calculate the asset's recoverable amount.

Any reversals of impairment losses are charged to income. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognised for the asset.

The reversal of an impairment loss on a CGU is allocated between the assets of the unit, except for goodwill, pro rata on the basis of the carrying amount of the assets down to the lowest of their recoverable amount and carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognised for the asset.

h) Finance leases

At the commencement of the lease term, the Group recognises an asset and liability at the lower of the fair value of the leased property and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance costs are recognised in the consolidated income statement using the effective interest rate method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Group under lease agreements that qualify as finance leases are the same as those outlined in note 3 f).

i) Financial assets

The Group classifies its financial assets in the following measurement categories:

- Those measured subsequently at fair value (through other comprehensive income or recognised in income), and
- Those measured at amortised cost.

The classification depends on the business model of the entity to manage the financial assets and contractual terms of the cash flows.

For assets measured at fair value, profit and loss is recognised in income or other comprehensive income. For investments in equity instruments held for trading, it will depend on whether the Group has made an irrevocable choice upon initial recognition to recognise investments in equity at fair value through other comprehensive income.

The Group only reclassifies investments in debt when its business model for managing these assets changes.

Upon initial recognition, the Group measures a financial asset at fair value plus, in the case of a financial asset not recognised at fair value through income, the transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through income are taken to income.

Financial assets with embedded derivatives are recognised in full since their cash flows are deemed to comprise solely the payment of the principal and interest.

a) Debt instruments

The subsequent measurement of the debt instruments depends on the Group’s asset management business model and the nature of the cash flow on the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets held for collection of contractual cash flows when these cash flows only represent payments of principal and interest are measured at amortised cost. Income on these financial assets is included in financial income according to the effective interest rate method. Losses arising as a result of disposals are expensed directly. Impairment losses and the value are recorded in separate income statement captions.

- Fair value through other comprehensive income (FVOCI): Assets held for collection of contractual cash flows and for the sale of financial assets, when these cash flows only represent payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying value are taken to other comprehensive income, except for recognition of impairment gains and losses, ordinary interest income and exchange gains or losses, which are recognised in the income statement. When financial assets are written off, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to income and recognised in other gains/(losses). Income on these financial assets is included in financial income according to the effective interest rate method. Exchange gains and losses are taken to other gains/(losses) and impairment expenses are recorded in a separate income statement caption.

- Fair value through other income (FVOI): Assets that do not meet the criteria for recognition at amortised cost or fair value through other comprehensive income are recognised at fair value through income. A gain or loss in a debt investment subsequently recognised at fair value through income is recognised as net within other gains/(losses) in the year in which it arises.

b) Equity instruments

The Group subsequently measures all equity investments at fair value. When Group management has opted to record gains and losses in the fair value of equity investments in other comprehensive income, there is no subsequent reclassification of the gains and losses in fair value through income following the disposal in investment accounts. Dividends on these investments continue to be recognised in income for the year with other income when the Group's distribution entitlement is established.

Changes in the fair value of financial assets at fair value through income are recognised in other gains/(losses) in the income statement where applicable. Impairment losses (and reversals of impairment losses) in equity investments measured at fair value through other comprehensive income are not recognised separately to other changes in fair value.

c) Derivatives and hedging activities

Cash flow hedges that qualify for hedge accounting.

The effective part of the gain or loss on the hedging instrument classed as a cash flow hedge is recognised in the cash flow hedge reserve in equity. Gains or losses relating to the ineffective part are taken straight to income, under other income/(expenses).

The amounts accumulated in net equity are reclassified in the years in which the hedged item affects income for the year, as follows:

- When the hedged item subsequently leads to the recognition of a non-financial asset (such as inventories), the deferred hedging gains and losses are included in the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss for the year when the hedged item affects net income (e.g. through the cost of sales).

- Gains or losses corresponding to the effective part of interest rate swaps hedging variable rate loans is recognised in the income statement under "financial expenses" at the same time as the interest expense on the hedged loans.

When a hedging instrument expires, is sold or ends, or when a hedge no longer meets the hedge accounting criteria, any accumulated deferred gain or loss and the deferred costs of the hedge in equity at that time remain in equity until the planned transaction occurs, resulting in the recognition of a non-financial asset, such as inventories. When the planned transaction is no longer expected to happen, the accumulated gain or loss and the deferred hedging costs that were recognised in equity are reclassified straight away to profit and loss.

d) Impairment

The Group evaluates the expected credit losses associated with the debt instruments recognised at amortised cost on a prospective basis and at fair cost through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Group applies the simplified approach under IFRS 9, which requires that losses expected over the life of the item are recognised from the initial recognition of the account receivable.

To measure the expected credit losses the insolvency risk matrix has been calculated in order to obtain the historical impairment rate of the trade debtor portfolio. This historical impairment rate has been corrected based on the budgeted future collection periods in order to obtain the expected credit losses.

j) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified at the date of their initial recognition, where applicable, as financial liabilities at fair value through profit and loss, bank borrowings, accounts payable or derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are initially recognised at fair value and directly attributable transaction costs on bank borrowings and accounts payable are netted.

Group financial liabilities include trade and other payables, bank borrowings, including current account overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated in their initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if their purpose is to be repurchased in the short term. This category includes derivative financial instruments contracted by the Group which have not been designated as hedging instruments in the hedging relationships. Embedded derivatives that have been separated are also classified as held for trading, unless designated as effective hedging instruments.

Gains and losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated in the initial recognition at fair value through profit and loss are only designated at the initial recognition date if they meet the criteria established in IFRS 9. The Group has not designated any financial liabilities at fair value through profit or loss.

(iv) Bank borrowings

This is the most significant financial liability category for the Group. After initial recognition, bank borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as the interest accrued using the effective interest rate method.

Amortised cost is calculated taking into account any acquisition premium or discount and the instalments and costs that are an integral part of the effective interest method. Interest accrued in accordance with this effective interest rate method is included in “Financial expenses” in the income statement.

This category generally applies to bank borrowings with interest.

(v) Derecognition

A liability is derecognised when the obligation is discharged, cancelled or expires.

When an existing financial liability is replaced with another from the same lender with substantially different conditions, or when the conditions of an existing liability are modified significantly, this exchange or modification is treated like a derecognition of the original liability and the new obligation is recognised. The difference in the respective carrying amounts is recognised in the income statement.

k) Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, and any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, as well as borrowing costs and indirect taxes not recoverable from the Spanish taxation authorities.

Trade discounts granted by suppliers are recognised as a cost reduction of the acquired inventories as soon as it is probable that the necessary conditions for the discounts to qualify as such will be met, and the excess amount, if any, is recognised as a reduction in consumption in the consolidated income statement.

The production cost of inventories includes the acquisition cost of raw materials and other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the transformation process. Indirect fixed costs are distributed based on whichever is higher: normal working conditions for the means of production, or production output.

The cost of raw materials, other supplies, goods, and conversion are assigned to the different cash-generating units in stock, based on the average weighted price method.

The Group uses the same cost formula for all inventories having the same nature and similar use within the Group.

When the cost of inventories exceeds net realizable value, an adjustment is made to profit and loss. Net realizable value is understood to be:

- Raw materials and other consumables: replacement cost. However, the Group does not make any adjustments if the finished products in which the raw materials are incorporated are expected to be sold at a price equivalent to their production cost or higher;
- Goods and finished products: estimated selling price less costs to sell;
- Work in progress: the estimated selling price of the related finished goods, less the estimated costs to complete production and the costs necessary to make the sale;

The previously recognised reduction in value is reversed against profit or loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances. The reversal of the reduction in value is limited to the lower of the cost and the revised net realizable value of the inventories.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits at banks. This caption also includes other short-term highly-liquid investments readily convertible into specific amounts of cash that do not mature beyond three months.

For the purpose of the cash flow statement, demand bank overdrafts that are part of the Group's cash management and that are recorded in the consolidated statement of financial position as bank borrowings under financial liabilities are included as cash and cash equivalents.

The Group classifies the cash flows from interest received and paid as operating activities, including interest from lease liabilities (see note 3 f) ii)), except for the interest received on loans granted for reasons other than the Group's ordinary activity. Dividends received from associates are classified as investing activities and dividends paid by the Company, as financing activities.

m) Own equity instruments

The acquisition by the Group of equity instruments of the Company is presented separately at acquisition cost as a decrease in consolidated shareholders' equity in the consolidated statement of financial position. In the transactions entered into with own equity instruments no profit or loss is recognised in the consolidated income statement.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are recorded as a decrease in reserves, net of any tax effect.

Subsequent repayment of the parent's equity instruments gives rise to a capital reduction for the amount of those shares, and the positive or negative difference between acquisition cost and the nominal amount of the shares is charged or credited to reserve accounts for retained earnings.

Dividends related to equity instruments are recorded as a reduction in consolidated equity when they are approved by the shareholders in general meeting.

n) Government grants

Grants awarded by public administrations are recorded when there is reasonable assurance that the conditions associated with their awarding will be met and they will be received.

i) Capital grants

Capital grants awarded as monetary assets are recorded with a credit to the "Government grants" caption of the consolidated statement of financial position, and are recorded in the "Other income" caption as the corresponding financed assets are depreciated or amortized.

ii) Operating grants

Operating grants are recorded as a reduction in the expenses they finance.

Grants received as compensation for expenses or losses incurred, or in order to provide immediate financial support not related to future expenses, are recorded with a credit to other income accounts.

iii) Interest rate grants

Financial liabilities comprising implicit assistance in the form of below-market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

o) Employee benefits

i) Termination benefits

Termination benefits are recognised at the earlier of the date from which the Group can no longer withdraw its offer and that on which it recognises the costs of a restructuring effort that will entail the payment of termination benefits.

In respect of termination benefits as a result of the employees' decision to accept a voluntary redundancy offer, the Group is deemed unable to withdraw its offer at the earlier of the date on which the employees accept the offer and the date of effectiveness of some form of restriction on the Group's ability to withdraw the offer.

In respect of involuntary termination, the Group is deemed unable to withdraw its offer when it has communicated the plan to the affected employees or their union representatives and the actions needed to complete the plan suggest that it is unlikely that there will be significant changes in the plan; the plan identifies the number of employees whose services are to be terminated, their job classification of function, their location and their expected termination date; and the termination benefits to be received by the laid-off employees have been established in sufficient detail to enable them to determine the type and amount of remuneration they will receive upon termination.

If the Group expects to fully settle the termination benefits within twelve months after year end, the liability is discounted using the market returns for issues of high-rated bonds.

ii) Termination benefits linked to restructuring processes

Termination benefits related to restructuring processes are recognised when the Group has a constructive obligation, i.e., when there is a detailed formal plan for such process identifying at a minimum the business (or parts of the business) concerned, the main locations affected, the function and approximate number of employees who will be compensated for termination of their services, the termination benefits to be paid, and the plan's implementation timing, and a valid expectation has been raised among those affected that the restructuring will be carried out either because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it.

iii) Other long-term employee benefits

The Group has assumed payment to its employees of the obligations derived from the collective agreements to which certain Spain group companies are adhered, whereby the employees adhered to them with at least 25 or 40 years of service in the company shall receive 45 or 75 days, respectively, of the last fixed salary. The Group has recorded the estimated liability for this commitment in the "Provisions" caption of the consolidated statement of financial position.

Additionally, in accordance with prevailing regulations in the corresponding country, certain foreign group companies have commitments to their employees for retirement bonuses, recording the estimated liability in the above-mentioned caption, whereby upon retirement employees will receive an amount accrued over their working lives at the company based on an annual amount accrued derived from applying a ratio over the overall annual remuneration of the employee, with the liability recorded at the beginning of the year subject to the increase in the cost of living. Some of these commitments are financed through the payment of insurance premiums.

The liability for long-term employee benefits recorded in the consolidated statement of financial position corresponds to the present value of the obligations assumed at year end.

In the case of externalized commitments the liability for long-term employee benefits recorded in the consolidated statement of financial position corresponds to the present value of the defined benefit obligations existing at year end less the fair value of the plan assets at that date.

The Group recognises as an expense or income accrued for long-term employee benefits the net amount of the service cost for the year, the net cost of interest and the recalculation of the measurement of the net liability for long-term benefits, as well as the one related to any reimbursement and the effect of any reduction or settlement of the commitments acquired.

The present value of the obligations existing at year end and the service cost is calculated periodically by independent actuaries using the projected unit credit method. The discount interest rate is determined based on the market interest rates for issues of high-rated bonds, denominated in the currency in which the benefits will be paid and with maturity periods similar to those for the corresponding benefits.

The reimbursement rights to some or all payment obligations for defined benefits are only recognised when collection is virtually certain.

The asset or liability for defined employee benefits is recorded as current or non-current based on the realization or maturity period of the corresponding benefits.

iv) Short-term employee benefits

The Group recognises the expected cost of short-term employee benefits as paid leave, the right to which accumulates from period to period, as employees render the services that vest the right to this remuneration. If paid leave is not cumulative, the cost is recognised as the leave is taken.

The Group recognises the expected cost of share in profit or employee bonus plans when it has a legal or constructive present obligation as a result of past events and a reliable estimate of the obligation can be made.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event; it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The amount recognised as a provision in the consolidated statement of financial position is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of the provisions is recorded as a finance cost in profit or loss. The provisions do not include the tax effect, nor the disposals or abandonment of assets.

The provision is reversed if it is less probable than not that an outflow of resources will be required to settle the obligation. The provision is reversed against the profit or loss caption in which the corresponding expense was recorded, and the surplus, if any, is recognised in the "Other income" caption.

q) Share-based payment transactions

The Group recognises the goods and services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. If the goods or services are received as part of an equity-settled share-based payment, it recognises an increase in equity; if they are received as part of a cash-settled share-based payment, it recognises a liability along with a balancing charge in profit or loss or an asset in the consolidated statement of financial position.

The delivery of equity instruments as consideration for the services performed by the employees of the Group or third parties providing similar services are measured by reference to the fair value of the equity instruments granted.

Employee benefits paid in the form of equity instruments are recognised by applying the following criteria:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised with a charge to profit or loss, with a corresponding increase in equity;
- If the equity instruments granted vest when the employees complete a specified service period, those services are accounted for during the vesting period, with a credit to equity accounts.

The Group measures the fair value of the instruments granted to employees at the grant date.

Market-related vesting conditions and other non-determining vesting conditions are taken into account when measuring the fair value of the equity instruments granted. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Group recognises an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest, revising this estimate if the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments to equity are made after the vesting date, without prejudice to making the corresponding reclassifications in equity.

r) Revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from contracts with customers since 1 January 2018, which has entailed adapting certain accounting policies. The application of IFRS 15 did not have a significant impact on the Group’s accounting policies and no adjustments have been required.

i) Sale of goods

Revenue from sale of goods is recognised when control of the goods is transferred to the customer. Delivery is complete when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products as per the sales contract, the acceptance conditions have expired or the Group has objective evidence that all the acceptance criteria have been met.

A receivable is recognised when the goods are delivered since this is the point in time in which the consideration is unconditional, only requiring the passage of time in order for the right of payment to fall due.

When the customer is entitled to return the product within a specific period, the company is obliged to refund the acquisition cost. Ordinary income is adjusted by the expected value of the refunds and the cost of sales is adjusted by the value of the corresponding expected goods returns. Under IFRS15, a refund liability is recognised for expected customer returns as an adjustment in ordinary income in trade and other payables. At the same time, the Group is entitled to recover the product from the customer when the customer exercised their right to return and recognise an asset and a corresponding adjustment in the cost of sales. The asset is measured by reference to the former carrying amount of the product.

ii) Services rendered

Income from services is recognised in the year in which they are rendered. In the case of fixed-price contracts, revenue is recognised on the basis of the actual service rendered until the end of the reporting period, as a percentage of the total services to be rendered. This is determined on the basis of the total actual costs incurred in relation to the total expected costs.

Some contracts include multiple deliverables, such as installation services. However, installation is simple, does not entail an integration service and could be carried out by a third party. Therefore, it is recognised as a separate execution obligation. In this case, the transaction price will be allocated to each execution obligation based on the separate sale prices. When these are not directly discernible, they are estimated based on the expected cost plus margin.

If the circumstances change, the estimated revenue, costs and degree of completion is reviewed. Any resulting increase or decrease in revenue or estimated costs is reflected in profit and loss for the year in which management becomes aware of the circumstances calling for the review.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If payments exceed the services rendered, a contract liability is recorded.

iii) Financial components

The Group does not expect to have any contracts in which the period between the transfer of goods and services promised to the customer and the payment received exceeds one year. Therefore, the Group does not adjust any of the transaction prices on account of the time value of money.

iv) Dividend income

Income from dividends on investments in financial instruments is recognised in profit or loss when the Group's right to receive payment is established.

s) Income tax

Tax expense (income) comprises current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of consolidated taxable profit (tax loss) for the year. Current tax liabilities and assets are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are defined as differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Current and deferred tax is recognised in profit or loss, except to the extent that the tax arises from: (i) a transaction or event which is recognised, in the same or a different period, outside profit or loss, directly in consolidated equity; or (ii) a business combination.

Tax credits on the income tax granted by public administrations as a decrease on the amount payable for this tax are recognised as a decrease in the income tax expense when there is reasonable assurance that the conditions related to the right to deduction will be met.

In certain territories, the Group has availed itself of the consolidated tax regime, as mentioned in note 30.

i) Recognition of taxable temporary differences

A deferred tax liability is recognised for all taxable temporary differences, except:

- to the extent that the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss);
- to the extent that the deferred tax liability relates to taxable temporary differences associated with investments in subsidiaries or joint ventures where the Group has the capacity to control the date of reversal and it is not probable that reversal will happen in the foreseeable future.

ii) Recognition of deductible temporary differences

Deferred tax assets are recognised provided that:

- it is probable that sufficient future taxable profit will be available against which the they can be utilized, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss);
- they relate to deductible temporary differences associated with investments in subsidiaries or joint ventures to the extent that temporary differences will be reversed in the foreseeable future and future taxable profit will be available to offset the differences;

Tax planning opportunities are only considered for the purpose of assessing the recoverability of deferred tax assets if the Group intends to use them or it is probable that it will use them.

iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and factoring in the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

The Group reviews the carrying amounts of its deferred tax assets at the end of each reporting period with a view to reducing these carrying amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of the assets to be utilized.

Deferred tax assets that do not satisfy the above conditions are not recognised in the consolidated statement of financial position. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets to determine whether the recognition criteria have been met.

iv) Offsetting and classification

The Group only offsets current tax assets and current tax liabilities if it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and on the same taxable entity and when the taxation authority permits the Group to make or receive a single net payment, or to recover the assets and settle the liabilities simultaneously in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

t) Offsetting of assets and liabilities, income and expenses

Assets and liabilities and income and expenses are not offset, unless offsetting is required or allowed by a Standard or Interpretation.

u) Classification of current and non-current assets and liabilities

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. For these purposes, assets and liabilities are classified as current in accordance with the following criteria:

- Assets are classified as current when they are expected to be realized or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for trading, they are expected to be realized within twelve months from the reporting date, or are cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current liabilities when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated annual accounts are authorised for issue.
- Deferred tax assets and deferred tax liabilities are recognised in the consolidated statement of financial position as non-current assets and non-current liabilities, irrespective of the expected date of recovery or settlement.

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

w) Environmental issues

The Group carries out activities whose primary purpose is to prevent, reduce or repair damages caused to the environment from its operations.

Expenses incurred for environmental activities are recognised under "Other operating expenses" during the year in which they are incurred.

Property, plant and equipment acquired by the Group for long-term use to minimize the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section (c) above.

Where appropriate, the Group records provisions for environmental activities when such expenses are known in the same year or previous year, and when the related concepts are clearly specified. These provisions are recorded based on the criteria indicated in section (p) Provisions of this note. Compensation to be received by the Group in connection with environmental obligations is recognised as an amount receivable in assets on the consolidated statement of financial position, provided that there is no doubt as to whether this compensation will actually be received, and that it does not exceed the amount of the recorded obligation.

4. Segment information

As a result of the merger with the Zodiac Group, the Group's structure and segments were altered in 2018.

The Fluidra Group's new organisational structure following the merger is organized into three divisions, two of them covering a geographical approach, which manage the Group's sales and distribution activity, and the third one, which comprises the manufacture and logistics chain for the whole Group. A manager is assigned to each division and they report directly to the Management Advisory Committee, maintaining regular contact to deal with operations, operating results and financial profit/(loss), forecasts and plans for each segment. The Management Advisory Committee monitors financial information based on the following division structure.

The Sales Divisions are ESA and North America.

The ESA segment (Europe, Southern Hemisphere & Asia) relates to Europe, Africa, Asia, Australia and South America, including mature markets showing more modest growth and a larger market share where the strategy is to improve profitability through operating leverage driven by the merger with the Zodiac Group and also other emerging markets with higher growth expectations and a greater focus on public pools and the construction of new pools.

The North America segment relates to markets in the USA and Canada and the focus is on increasing market share in the largest global pool market, taking advantage of growth in the smart pool market, customer loyalty and a wider range of products.

Lastly, the Operations Division, which is mainly located in Spain, France, China and Mexico, focuses on increasing cost efficiency through the rationalization of production plant structure, improving quality, demand planning and the optimization of industrial assets.

This organisational structure affects the identification of the cash generating units (CGUs) of the Group (Note 8) and the segment information.

In addition to the three segments mentioned above, the holding, real estate and/or services companies (where there are no operational or sales activities and which do not generate significant revenue to third parties) are included in the Shared Services caption. This breakdown is provided for the purposes of reconciling the segment information in the total consolidated figures in the financial statements, as it does not constitute an operating segment under IFRS 8.

The inter-segment selling prices are established based on standard terms and conditions available to unrelated third parties.

The difference between the sum of the items of the different business segments and the total thereof in the consolidated income statement corresponds to the “Shared services” caption and to the intra-segment consolidation adjustments, basically the sales between the Operations division and the Sales divisions, and their corresponding margin adjustment in inventories, as well as other adjustments derived from the business combinations and consolidation.

The Management Advisory Committee uses EBITDA (see note 36) to measure the segment results. Amortization and depreciation and impairment losses are linked to the assets directly allocated to the segment activity, excluding the impact of allocating the acquisition price of business combinations and investment portfolio provisions. Net financial profit/(loss) and income tax expense are not allocated by segment, as these activities are dealt with by the Group's central departments.

Furthermore, in 2019 and 2018 discontinued operations have not been allocated to any segment, since the operations have not been managed by the Management of the respective segment.

Intangible assets, deferred taxes, goodwill and financial assets and liabilities are not allocated by segment, as they are dealt with at Group level. Each segment manages non-current property, plant and equipment and working capital (NWC), as defined in Appendix II.

The breakdown of the Group's segment information for 2019 and 2018 is shown in Appendices II and III to these consolidated annual accounts.

5. Business combinations and sales of Group companies

The breakdown of transactions resulting in a business combination in 2019 and 2018 is as follows:

2019

There have been no business combinations in the year ended 31 December 2019.

In compliance with the commitments undertaken by the Fluidra Group with the European Commission relating to the compatibility of the merger between the Fluidra Group and the Zodiac Group with the domestic market, on 31 January 2019 Aquatron Robotic Technology, Ltd, a subsidiary wholly owned by Fluidra, was transferred for Euros 41,384 thousand (this amount includes the non-operating cash surplus at the date of sale, as well as deferred collections).

Since the Group already had a binding agreement in 2018 to sell these clearly identified assets and liabilities, the sales process was underway and the sale was deemed very likely to go ahead and be completed in 2018, the accounting balances of these assets and liabilities were transferred to the caption Non-current assets held for sale and Liabilities relating to non-current assets held for sale, in accordance with IFRS 5 Non-current assets held for sale and discontinued operations (see note 13).

Furthermore, following Fluidra’s strategy to divest its non-essential activities in order to focus on the Group's core business, on 2 December 2019 the company Puralia Systems, S.L.U. was sold for an amount of Euros 3,695 thousand.

Details of the sale of the abovementioned companies are as follows:

	Thousands of euros
Amount received in cash	40,733
Deferred collections	4,346
Total	45,079
Total net assets sold	46,779
Loss on the Sale	(1,700)

The amounts that have been derecognised in the consolidated statement of financial position at the date of disposal of the assets, liabilities and contingent liabilities of the businesses sold, by significant class, are as follows:

	Thousands of euros
Property, plant and equipment and Right-of-use assets	3,292
Goodwill	15,194
Other intangible assets	1,550
Non-current financial assets	23
Deferred tax assets	453
Inventories	9,494
Trade and other receivables	10,109
Other current financial assets	3,000
Derivative financial instruments	85
Cash and cash equivalents	11,557
Total assets	54,757
Lease liabilities	29
Deferred tax liabilities	218
Non-current provisions	84
Government grants	151
Trade and other payables	5,232
Current provisions	2,264
Total liabilities and contingent liabilities	7,978
Total net assets	46,779
Total net assets sold	46,779
Amount received in cash	40,733
Cash and cash equivalents sold	11,557
Net cash from the sale	29,176

In the year ended 31 December 2019, cash has been disbursed in connection with the acquisitions of subsidiaries in prior years and non-controlling interests for an amount of Euros 7,344 thousand (Euros 9,494 thousand during 2018).

2018

On 2 July 2018, the Fluidra Group and the Zodiac Group combined their businesses by means of a cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) with the termination by dissolution without liquidation of the absorbed company and transfer en bloc of all its equity to the absorbing company, which acquires, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the joint merger project (see note 16).

For accounting purposes, this merger was treated like a direct acquisition, wherein Fluidra, S.A. was considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. were measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations).

Due to qualified majorities in the shareholder agreements, as well as the balance of the Board of Directors, neither of the two parties -the main shareholder, Rhône Capital L.L.C., nor the majority shareholders of Fluidra prior to the merger (Boyser, S.R.L., Dispur, S.L., Piumoc Inversions, S.L.U., and Edrem, S.L.)- had de facto control of the merged entity.

Due to this, and since IFRS 3 requires that an accounting acquirer be specified and the merger did not constitute a joint agreement in accordance with IFRS 11, Fluidra, S.A. was identified as the accounting acquirer. This conclusion was based on the distribution of the voting rights (the pre-merger shareholders of Fluidra received 57.6% of the voting rights) and on the fact that the relative size of Fluidra prior to the merger was larger than the Zodiac Group, based on the exchange equation and other financial indicators. Furthermore, no reason was found to indicate otherwise.

During the period comprised between the date of acquisition and 31 December 2018, the acquired business generated consolidated total sales of goods and finished products amounting to Euros 238,367 thousand and total consolidated loss after tax amounting to Euros 44,856 thousand.

If the acquisition had occurred on 1 January 2018, the Group's sales of goods and finished products would have increased by Euros 286,014 thousand and consolidated profit after tax would have increased by Euros 54,841 thousand.

Due to commercial and management synergies, this acquisition was distributed among the different CGUs determined following the merger (see note 8).

A breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the twelve-month period ended 31 December 2018 is as follows:

	Thousands of euros
Consideration paid	
Shares transferred	1,138,760
Contingent consideration	-
Total consideration paid	1,138,760
Fair value of net assets acquired	222,303
Goodwill	916,457

The value of the shares transferred was determined by the quoted price of Fluidra, S.A. on 29 June 2018 (Euros 13.72 per share). On 3 November 2017 the quoted price was Euros 8.87 per share.

The intangible assets that were not recorded separately from goodwill and were therefore included in it since they do not meet the separability criterion required by IFRS-EU mainly relate to distribution networks, work force and synergies of the acquired business. The goodwill on this acquisition is not expected to be deductible for tax purposes.

The accounting of this business combination is definitive.

The most significant differences that arose between the carrying amounts of the businesses acquired during the year and their fair values correspond to: customer relationships, trademarks, patents, inventory revaluation, tax loss carryforwards and expenses relating to the Zodiac Group's previous financing.

The fair values of the customer relationships, trademarks and patents are based on measurements made by an independent expert using the MEEM methodology (multi-period excess earning method) and the royalty relief method. The key assumptions used were based on the strategic plans approved by Management.

The amounts recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired (Zodiac Group) during the year ended 31 December 2018, by significant categories, are as follows:

	Thousands of euros
	Fair value
Property, plant and equipment	22,323
Goodwill	2,898
Other intangible assets	772,079
Other non-current financial assets	760
Non-current derivative financial instruments	485
Deferred tax assets	69,429
Inventories	110,384
Trade and other receivables	131,913
Other current financial assets	33
Cash and cash equivalents	34,558
Total assets	1,144,862
Bank borrowings and other marketable securities - non-current	563,627
Deferred tax liabilities	193,049
Non-current provisions	7,804
Other non-current liabilities	835
Bank borrowings and other marketable securities - current	12,621
Trade and other payables	128,757
Current provisions	15,866
Total liabilities and contingent liabilities	922,559
Total net assets	222,303
Total net assets acquired	222,303
Shares transferred	1,138,760
Cash and cash equivalents acquired	34,558
Cash paid for the acquisitions	(34,558)

During 2018, Euros 124 thousand were received corresponding to deferred collections on the sale of the company Accent Graphic, S.L.U.

6. Property, plant and equipment

The movements in the Property, plant and equipment accounts during 2019 and 2018 are as follows:

	Thousands of euros						
	Balances at 31/12/2018	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31/12/2019
Cost							
Land and buildings	70,227	3,752	(1,429)	(280)	4,842	90	77,202
Plant and machinery	139,554	6,673	(9,404)	(459)	(11,026)	509	125,847
Other installations, tools and furniture	143,802	7,995	(6,387)	(822)	8,061	584	153,233
Other PPE	26,463	2,847	(3,317)	(159)	1,226	287	27,347
Property, plant and equipment under construction	12,700	6,012	(185)	-	(9,305)	167	9,389
	392,746	27,279	(20,722)	(1,720)	(6,202)	1,637	393,018
Accumulated depreciation							
Buildings	(32,963)	(1,750)	1,095	-	53	(70)	(33,635)
Plant and machinery	(107,100)	(6,511)	8,841	-	9,695	(317)	(95,392)
Other installations, tools and furniture	(115,126)	(9,287)	6,064	-	(3,898)	(388)	(122,635)
Other PPE	(21,335)	(2,748)	3,634	-	(713)	(218)	(21,380)
	(276,524)	(20,296)	19,634	-	5,137	(993)	(273,042)
Net carrying amount	116,222	6,983	(1,088)	(1,720)	(1,065)	644	119,976

	Thousands of euros								
	Balances at 31/12/2017	Business combinations (note 5)	Additions	Disposals	Impairme nt	Transfers	Transfers to discontinued operations (note 13)	Translation differences	Balances at 31/12/2018
Cost									
Land and buildings	70,724	5,541	321	(3,056)	(914)	18	(2,439)	32	70,227
Plant and machinery	134,835	2,224	8,179	(3,549)	(563)	1,263	(1,780)	(1,055)	139,554
Other installations, tools and furniture	136,231	8,791	5,989	(2,542)	(503)	1,201	(4,782)	(583)	143,802
Other PPE	26,400	971	2,308	(1,785)	(9)	(323)	(736)	(363)	26,463
Property, plant and equipment under construction	2,550	4,796	9,610	(98)	(14)	(4,371)	-	227	12,700
	370,740	22,323	26,407	(11,030)	(2,003)	(2,212)	(9,737)	(1,742)	392,746
Accumulated depreciation									
Buildings	(33,079)	-	(1,688)	840	-	-	949	15	(32,963)
Plant and machinery	(104,925)	-	(6,899)	3,011	-	-	1,021	692	(107,100)
Other installations, tools and furniture	(112,888)	-	(8,072)	2,691	-	-	2,561	582	(115,126)
Other PPE	(21,342)	-	(2,326)	1,609	-	-	491	233	(21,335)
	(272,234)	-	(18,985)	8,151	-	-	5,022	1,522	(276,524)
Net carrying amount	98,506	22,323	7,422	(2,879)	(2,003)	(2,212)	(4,715)	(220)	116,222

a) Property, plant and equipment pledged as guarantees

At 31 December 2019 and 2018 no property, plant and equipment items are mortgaged.

Additionally, at 31 December 2019 and 2018 no property, plant and equipment items have been pledged as guarantees.

b) Insurance

The consolidated Group has taken out insurance policies to cover the risks to which its property, plant and equipment items are exposed. The coverage of these policies is considered sufficient.

c) Goods acquired under finance lease arrangements

The following assets are held by the Group under finance leases at 31 December 2018:

	Thousands of euros
	2018
Land and buildings	13,916
Plant and machinery	227
Other installations, tools and furniture	808
Other property, plant and equipment	832
	15,783
Less: accumulated depreciation	(6,926)
Balance at 31 December	8,857

The main characteristics of the most significant finance lease arrangements by subsidiary are as follows:

1) Fluidra Commercial, S.A.U.: real estate leasing with BBVA for the purchase of an industrial unit in La Garriga at a cost value of Euros 10,700 thousand. Agreement signed on 21/12/04, the last payment matures on 21/12/19. Lease payments were settled monthly and the outstanding amount at 31/12/2018 was Euros 1,259 thousand with a purchase option of Euros 100 thousand. It accrued a fixed interest rate of 3.8% until 2014 and a variable interest rate of Euribor plus 0.5%. On the lease end date and maturity of the final payment, the purchase option on the asset was executed for the amount mentioned above. There is no real estate leasing amount pending at 31 December 2019.

At 31 December 2019, transfers include Euros 8,857 thousand relating to the initial application of IFRS 16 (see note 2 d)), as a result of the reclassification of finance leases.

d) Fully depreciated assets

The cost of fully depreciated property, plant and equipment items still in use at 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Buildings	26,346	24,375
Plant and machinery	83,399	89,246
Other installations, tools and furniture	110,305	109,259
Other property, plant and equipment	22,286	22,540
	242,336	245.420

e) Property, plant and equipment items located abroad.

At 31 December 2019 property, plant and equipment items located outside Spain amount to Euros 52,619 thousand (Euros 47,953 thousand at 31 December 2018).

f) Gains (losses) on disposals of fixed assets

Gains/(losses) on disposal of fixed assets in 2019 essentially relate to losses generated on the sale of Aquatron Robotic Technology, Ltd. and Puralia Systems, S.L.U. amounting to Euros 1,700 thousand (see note 5).

In 2018, there were no significant disposals of fixed assets.

7. Investment property

The movements in the Investment property accounts during 2019 and 2018 are as follows:

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,518	22	-	-	3,540
	5,398	22	-	-	5,420
Accumulated depreciation					
Buildings	(2,178)	(76)	-	-	(2,254)
	(2,178)	(76)	-	-	(2,254)
Net carrying amount	3,220	(54)	-	-	3,166

	Thousands of euros				
	Balances at 31/12/2017	Additions	Disposals	Transfers	Balances at 31/12/2018
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,518	-	-	-	3,518
	5,398	-	-	-	5,398
Accumulated depreciation					
Buildings	(2,100)	(78)	-	-	(2,178)
	(2,100)	(78)	-	-	(2,178)
Net carrying amount	3,298	(78)	-	-	3,220

The fair value of investment property does not substantially differ from the net carrying amount.

8. Goodwill and Other intangible assets

The movements in the Goodwill and Other intangible assets accounts during 2019 and 2018 are as follows:

a) Goodwill

	Thousands of euros					
	Balances at 31/12/2018	Additions	Disposals	Impairment	Exchange gains (losses)	Balances at 31/12/2019
Carrying amount						
Goodwill	1,093,689	-	-	-	10,167	1,103,856

	Thousands of euros							
	Balances at 31/12/2017	Business combinations (note 5)	Additions	Disposals	Impairment	Transfers to discontinued operations (note 13)	Translation differences	Balances at 31/12/2018
Carrying amount								
Goodwill	196,218	919,355	-	-	(5,312)	(15,194)	(1,378)	1,093,689

b) Other intangible assets

	Thousands of euros						
	Balances at 31/12/2018	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31/12/2019
Cost							
Development expenses for work in progress	101,823	13,171	(10,529)	(1,425)	(1,331)	1,243	102,952
Relations with customers/Contractual relations	595,498	-	(11,166)	-	176	10,385	594,893
Computer software	42,230	5,331	(1,769)	(34)	921	64	46,743
Patents, Trademarks and Other intangible assets	172,459	1,799	(418)	(625)	850	2,855	176,920
	912,010	20,301	(23,882)	(2,084)	616	14,547	921,508
Accumulated depreciation							
Product development expenses	(39,057)	(11,815)	9,388	-	1,148	(415)	(40,751)
Relations with customers/Contractual relations	(50,950)	(61,654)	11,168	-	(62)	(393)	(101,891)
Computer software	(28,058)	(6,681)	1,381	-	(163)	(23)	(33,544)
Patents, Trademarks and Other intangible assets	(6,620)	(2,645)	1,607	-	(1,019)	(460)	(9,137)
	(124,685)	(82,795)	23,544	-	(96)	(1,291)	(185,323)
Net carrying amount	787,325	(62,494)	(338)	(2,084)	520	13,256	736,185

	Thousands of euros								
	Balances at 31/12/2017	Business combinations (note 5)	Additions	Disposals	Impairmen t	Transfers	Transfers to discontinued operations (note 13)	Translation differences	Balances at 31/12/2018
Cost									
Development expenses for work in progress	38,526	61,707	8,053	(1,423)	(767)	(613)	(4,781)	1,121	101,823
Relations with customers/Contractual relations	35,662	551,117	6	-	-	-	-	8,713	595,498
Computer software	37,546	148	2,976	(237)	-	2,354	(517)	(40)	42,230
Patents, Trademarks and Other intangible assets	37,758	159,107	1,141	(2)	(1,117)	(67)	(25,285)	924	172,459
	149,492	772,079	12,176	(1,662)	(1,884)	1,674	(30,583)	10,718	912,010
Accumulated depreciation									
Product development expenses	(34,826)	-	(9,326)	1,423	-	546	3,434	(308)	(39,057)
Relations with customers/Contractual relations	(25,724)	-	(24,831)	-	-	-	-	(395)	(50,950)
Computer software	(22,662)	-	(5,874)	124	-	(18)	402	(30)	(28,058)
Patents, Trademarks and Other intangible assets	(31,088)	-	(1,907)	47	-	10	25,353	965	(6,620)
	(114,300)	-	(41,938)	1,594	-	538	29,189	232	(124,685)
Net carrying amount	35,192	772,079	(29,762)	(68)	(1,884)	2,212	(1,394)	10,950	787,325

No intangible assets have been pledged as guarantees.

Additions of product development expenses in 2019 amounting to Euros 13,171 thousand (Euros 8,053 thousand in 2018) correspond to work performed by the Group and capitalized as non-current assets, and are included in said caption of the consolidated income statement.

The cost of fully amortized intangible assets still in use at 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Development expenses for work in progress	42,404	41,491
Computer software	20,857	27,644
Patents, Trademarks and Other intangible assets	36,587	48,753
	99,848	117,888

At 31 December 2019 intangible assets located outside Spain amount to Euros 720,895 thousand (Euros 774,791 thousand at 31 December 2018).

c) Impairment and allocation of goodwill to CGUs.

For the purpose of impairment testing, in 2018 the Group allocated goodwill to its cash-generating units (CGUs) in accordance with IFRS 36, where a CGU is defined as a smaller identifiable group of assets which generates cash inflows that are largely independent of those from other assets or groups of assets.

The following CGUs were identified following the merger with the Zodiac Group:

- Operations
- North America
- Europe
- Certikin International, LTD and SIBO Fluidra Netherlands B.V.
- Expansion
- Sohem – Southern Hemisphere

For impairment testing purposes, the goodwill arising on the acquisition of the Zodiac Group was allocated to the following CGUs and group of CGUs which benefited from the synergies obtained on the business combination:

- Operations
- North America
- Europe and the Southern hemisphere

The Certikin International, LTD, SIBO Fluidra Netherlands B.V. and Expansion CGUs did not benefit from the synergies of the business combination and they were not therefore allocated any portion of the goodwill generated.

The Operations and North America CGUs were allocated goodwill at CGU level, which in both cases coincides with the segment definition set out in note 4.

In the case of Europe and Sohem, goodwill was allocated to a "group of CGUs" on the basis that the group is not supervised by management at a lower level than the respective segment. Similarly, goodwill was not allocated to the entire ESA segment (see note 4), as some CGUs within the segment will not benefit from the business combination (as Zodiac did not operate in these territories). Goodwill was therefore allocated to the remaining CGUs included in the segment.

A breakdown of goodwill allocated by CGU or group of CGUs at 31 December 2019 and 31 December 2018 is as follows:

		Thousands of euros	
	Segment	31/12/2019	31/12/2018
Operations	Operations	186,562	187,326
North America	North America	522,174	512,323
Certikin Internacional, LTD	ESA	3,552	3,403
Expansion	ESA	45,522	44,823
SIBO Fluidra Netherlands B.V.	ESA	5,048	5,048
Europe and the Southern hemisphere	ESA	340,998	340,766
Total		1,103,856	1,093,689

Movement in goodwill is mainly due to the currency translation differences arisen from the goodwill denominated in foreign currency, chiefly as a result of fluctuations in the exchange rates of the US dollar and the pound sterling.

The recoverable amount of each CGU is determined based on the greater of fair value less disposal costs, calculated using a Level 3 methodology in line with the hierarchy established in IFRS 3, and continuing value in use. These calculations are based on cash flow projections from the financial budgets and/or strategic plans approved by Management relating to the different cash generating units to which goodwill is allocated. They are determined on a four-year basis and can be extended to a ten-year period to progressively standardise flows using a long-term growth rate, depending on the different markets. The process for preparing the strategic plans of the CGUs considers the current situation of each CGU's market, analysing the macroeconomic and competitive environments, as well as the CGU's position in those environments and the opportunities for growth. Key factors for business development are chiefly evolution in the existing pools in each market in terms of the maintenance business and evolution in the construction of new pools. In addition, potential operating efficiencies due to growth are taken into consideration. These projections are corrected on the basis of the level of compliance with strategic plans and/or financial budgets achieved in prior years. The said projections and estimates are consistent with those that would be made by a market participant.

The key assumptions used in the strategic plans relate to sustained business growth in pools (aftermarket), moderate growth in the construction of new pools in mature markets and sustained growth in emerging markets, combined with an increase in our penetration in commercial pools in some geographical areas where our presence is still small and increased market share in the American market. These projections also include the operational expense and purchase synergies resulting from the merger with the Zodiac Group. These synergies are considered to be replicable by market participants other than Fluidra, since they largely relate to cost optimisations and general structural expenses.

In terms of the Operations division, revenues are linked to the increase in sales divisions resulting from the partial integration of manufacturing within Fluidra. The assumptions used in the strategic plans relate to a recovery in profitability due to greater efficiency obtained through the lean management plans in production plants, the integration of the logistics chain and the operating leverage due to growth and also potential purchase synergies from the merger with the Zodiac Group.

The quantitative assumptions used for 2019 and 2018 are shown in the accompanying table:

2019:

CGU	Sales CAGR (*) 2019-2023	EBITDA CAGR (*) 2019-2023	g (**)	WACC (***) 2019	WACC (****) 2019
Operations	4.49%	6.31%	1.75%	8.11%	10.88%
North America	4.90%	8.02%	1.88%	6.55%	8.74%
Certikin Internacional, LTD	2.99%	2.67%	1.95%	6.84%	8.47%
Expansion	6.31%	7.18%	1.98%	10.00%	12.61%
SIBO Fluidra Netherlands B.V.	5.49%	4.82%	1.71%	6.32%	8.76%
Europe and the Southern hemisphere	5.79%	7.82%	1.84%	7.37%	9.92%

2018:

CGU	Sales CAGR (*) 2018-2022	EBITDA CAGR (*) 2018-2022	g (**)	WACC (***) 2018	WACC (****) 2018
Operations	5.40%	7.34%	1.91%	7.87%	9.70%
North America	5.02%	10.04%	2.29%	7.54%	9.65%
Certikin Internacional, LTD	4.08%	4.34%	1.94%	6.56%	8.21%
Expansion	8.04%	12.13%	2.00%	11.09%	13.47%
SIBO Fluidra Netherlands B.V.	8.59%	10.22%	1.55%	6.43%	8.32%
Europe and the Southern hemisphere	5.88%	11.74%	2.11%	7.80%	10.16%

(*) CAGR is the term used to represent the compound annual growth rate of the four-year periods used.

(**) Perpetual growth rate.

(***) After-tax discount rate.

(****) Before-tax discount rate.

From the eleventh year, cash flow projections are calculated using a growth rate in perpetuity in accordance with each market. The growth rates applied are detailed in the table above.

The discount rates applied to cash flow projections used for the CGUs have been calculated based on risk-free rates (interest rates for sovereign debt of each country, always the one applicable to each market at 31 December), tax rate, market risk premiums, and debt spreads for the markets in which the CGUs operate. The discount rates applied before and after tax are detailed in the table above.

For the impairment test carried out in 2019, the right-of-use assets arising as a result of the new IFRS-16 standard have been taken into account in the carrying amount of each CGU's net assets, adjusting the cash flows and discount rates accordingly.

The Group performed a sensitivity analysis on the impairment calculation using reasonable variations in the key assumptions used. The following variations have been taken on for the CGUs and groups of CGUs:

- Decrease of 100 basis points in the EBITDA margin in perpetuity (EBITDA)
- Growth rate in perpetuity - Decrease of 0.5% (g)
- Discount rate – Increase of 0.5% (WACC)

The quantitative result of these reasonable variations on the model, shown as a percentage of surplus/shortfall over the carrying amount of goodwill at 31 December 2019 and 2018, is as follows:

CGU	EBITDA	g	WACC
Operations	>100%	>100%	>100%
North America	>100%	>100%	>100%
Certikin Internacional, LTD	>100%	>100%	>100%
Expansion	>100%	>100%	>100%
SIBO Fluidra Netherlands B.V.	>100%	>100%	>100%
Europe and the Southern hemisphere	>100%	>100%	>100%

In a similar manner, it is deemed that none of the aforementioned variations to the key assumptions in the measurement model would imply the need to recognise a goodwill impairment at 31 December 2019.

Additional changes in the assumptions used to determine fair value could alter the impairment estimate.

The Group's market capitalization at 31 December 2019 amounts to Euros 2,386.7 million (Euros 1,915.2 million at 31 December 2018).

9. Right-of-use assets

Details of right-of-use assets and movement during 2019 are as follows:

	Thousands of euros						
	Balances at 31/12/2018	First time application of IFRS 16 (see note 2).	Additions	Disposals	Transfers	Exchange gains (losses)	Balances at 31/12/2019
Cost							
Land and buildings	-	109,163	31,118	(3,400)	(15,124)	245	122,002
Plant and machinery	-	1,208	1,103	(29)	-	-	2,282
Other installations, tools and furniture	-	839	305	(1)	-	2	1,145
Other PPE	-	4,813	2,745	(101)	-	10	7,467
	-	116,023	35,271	(3,531)	(15,124)	257	132,896
Accumulated depreciation							
Buildings	-	(6,614)	(19,408)	2,618	6,811	(48)	(16,641)
Plant and machinery	-	-	(495)	29	-	(1)	(467)
Other installations, tools and furniture	-	-	(415)	1	-	-	(414)
Other PPE	-	(312)	(2,473)	73	-	(3)	(2,715)
	-	(6,926)	(22,791)	2,721	6,811	(52)	(20,237)
Net carrying amount	-	109,097	12,480	(810)	(8,313)	205	112,659

Transfers includes the end of the real estate lease for a warehouse in La Garriga, as the purchase option has been exercised with the last payment (see note 6 c), and reclassified to Property, plant and equipment.

10. Investments accounted for using the equity method

The movements in investments accounted for using the equity method are as follows:

	Thousands of euros	
	2019	2018
Balances at 1 January	28	-
Share in profit/(loss)	-	64
Additions/ Inclusions	-	-
Dividends received	(28)	(36)
Balance at 31 December	-	28

The breakdown of the key financial figures of companies accounted for using the equity method in 2019 and 2018 is as follows:

			2019				
			Thousands of euros				
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Astral Nigeria, LTD	Nigeria	25	602	131	471	1,399	18
OCM Products Limited	Great Britain	50	558	606	(48)	55	(8)
			1,160	737	423	1,454	10

			2018				
			Thousands of euros				
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Astral Nigeria, LTD	Nigeria	25	577	13	564	1,162	54
OCM Products Limited	Great Britain	50	466	506	(40)	194	101
			1,043	519	524	1,356	155

11. Current and non-current financial assets

A breakdown of Other current and non-current financial assets is as follows:

		Thousands of euros	
	Note	2019	2018
Financial assets at fair value through profit or loss		597	487
Deposits and guarantees		6,779	6,222
Total non-current		7,376	6,709
Deposits and guarantees		9,713	4,922
Derivative financial instruments	12	291	356
Total current		10,004	5,278

The Deposits and guarantees caption mainly includes term deposits that earn market interest rates and are classified in the Loans and receivables caption, as well as deposits and guarantees given as a result of rental contracts. These are measured following the criteria established for financial assets in note 3. The difference between the amount paid and fair value is recognised in the income statement as a prepayment over the lease term.

The fair value of quoted securities is determined based on their price at the reporting date of the consolidated financial statements.

12. Derivative financial instruments

The breakdown of the derivative financial instruments is as follows:

	2019				
		Thousands of euros			
	Notional	Fair values			
	amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency contracts	19,702	-	291	-	808
Total derivatives traded on over-the-counter markets		-	291	-	808
Total derivatives held for trading		-	291	-	808
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	615,180	-	-	14,951	-
Total hedging derivatives		-	-	14,951	-
Total recognised derivatives		-	291	14,951	808
			(note 12)		

	2018				
		Thousands of euros			
	Notional	Fair values			
	amount	Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency contracts	16,232	-	356	-	28
Total derivatives traded on over-the-counter markets		-	356	-	28
Total derivatives held for trading		-	356	-	28
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	609,752	-	-	7,870	-
Total hedging derivatives		-	-	7,870	-
Total recognised derivatives		-	356	7,870	28
			(note 12)		

The overall amount of the change in fair value of derivatives held for trading, which has been estimated using measurement techniques, has been recognised in profit or loss as a loss of Euros 845 thousand (a profit of Euros 459 thousand in 2018).

The overall amount of the change in fair value of hedging derivatives, which has been estimated using measurement techniques and has been recognised in consolidated equity as it has been considered an effective hedge, has resulted in a decrease of 5,667 thousand euros (a decrease of 5,223 thousand euros in 2018).

The overall amount of cash flow hedges that has been transferred in 2018 from other comprehensive income in equity to the consolidated income statement (under finance cost) amounts to a loss of Euros 3,432 thousand (a loss of Euros 644 thousand in 2018).

a) Interest rate swaps

The Group uses interest rate swaps, at a floating interest rate without knock-out barriers, with fixed rate values ranging from 0.329% to 3.097% in 2019 (in 2018 the values ranged from 0.329% to 3.097%). These derivatives are used to manage exposure to fluctuations in the interest rates mainly of bank loans.

Hedging derivatives at 31/12/2019			
Notional amount in thousands of euros	Start date	End date	Type of derivative
200,000	31/10/2018	31/10/2022	Fixed swap
60,000	31/10/2018	31/10/2022	Fixed swap
111,269	31/10/2018	31/10/2022	Fixed swap
30,000	05/11/2018	31/10/2022	Fixed swap
30,000	07/11/2018	31/10/2022	Fixed swap
111,269	08/11/2018	31/10/2022	Fixed swap
44,508	13/11/2018	31/10/2022	Fixed swap
28,134	13/12/2018	31/10/2022	Fixed swap
615,180			

Hedging derivatives at 31/12/2018			
Notional amount in thousands of euros	Start date	End date	Type of derivative
200,000	31/10/2018	31/10/2022	Fixed swap
60,000	31/10/2018	31/10/2022	Fixed swap
109,170	31/10/2018	31/10/2022	Fixed swap
30,000	05/11/2018	31/10/2022	Fixed swap
30,000	07/11/2018	31/10/2022	Fixed swap
109,170	08/11/2018	31/10/2022	Fixed swap
43,668	13/11/2018	31/10/2022	Fixed swap
27,744	13/12/2018	31/10/2022	Fixed swap
609,752			

The breakdown, by notional amount and residual maturity term, of the swaps prevailing at year end is as follows:

	Thousands of euros	
	2019	2018
Between one and five years	615,180	609,752
	615,180	609,752

Since derivatives are not traded on organized markets, the fair value of swaps is calculated using the discounted value of expected cash flows due to the spread in rates, based on observable market conditions at the date of measurement (corresponding to the level 2 measurement method in accordance with IFRS 13).

b) Exchange rate derivatives

To manage exchange rate risk in future firm sales and purchases, the Group has arranged option contracts and currency forwards in the main markets in which it operates. For some of them, the Group applies hedge accounting.

The breakdown, by type of foreign currency, of the notional amounts of exchange rate derivatives at 31 December 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	2018
GBP / EUR	8,150	7,900
EUR / USD	7,121	2,358
GBP / USD	4,095	3,057
ZAR / USD	255	143
ZAR / EUR	81	-
AUD / EUR	-	2,774
	19,702	16,232

At 31 December 2019 and 2018, all foreign exchange derivatives are held for trade, with no hedging derivatives at that date.

The breakdown, by notional amount and residual maturity term, of the exchange rate derivatives is as follows:

	Thousands of euros	
	2019	2018
Within one year	19,702	16,232
	19,702	16,232

The fair value of these derivatives has been estimated using the discounted cash flow method based on forward exchange rates available in public databases at the reporting date (corresponding to the level 2 measurement method in accordance with IFRS 13).

The gains and losses from measuring and settling these contracts are taken to finance costs for the year.

13. Non-current assets held for sale and liabilities relating to non-current assets held for sale and discontinued operations

On 31 December 2018 non-current assets held for sale and liabilities relating to non-current assets held for sale correspond to the electronic pool cleaner development, manufacture and sale businesses run by the company Aquatron Robotic Technology, Ltd. in Afula (Israel).

On 27 June 2018 in relation to the merger between the Fluidra Group and the Zodiac Group, the European Commission deemed the merger compatible with the domestic market subject to compliance with certain obligations, including the sale of Aquatron Robotic Technology, Ltd., a wholly-owned subsidiary of Fluidra, to a suitable buyer.

Since, at 31 December 2018, the Group had a binding agreement to sell these clearly identified assets and liabilities, the process was underway and the sale was deemed likely to go ahead and be completed within the year 2018, the accounting balances of these assets and liabilities were transferred to the caption "Non-current assets held for sale" and "Liabilities relating to non-current assets held for sale", in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". Furthermore, they were deemed discontinued operations since they comprised items held for sale which represented a significant business line separate to the rest, therefore, all income and expenses corresponding to these businesses in the twelve-month period ended 31 December 2018 are presented in the caption Profit/(loss) after tax on discontinued operations.

On 31 January 2019 and as mentioned in note 5, these assets and liabilities were sold.

In addition, at 31 December 2018 the property located in Castiglione delle Stiviere at Via Mazzini 28/Z owned by Zodiac Pool Systems Italia, S.R.L., was also included under this caption. The Group had a firm purchase offer. On 13 June 2019 this property was sold.

Assets held for sale, less their related liabilities, were measured at their carrying value or the expected sale amount less cost of sale, whichever was lower. This led to the recognition of impairment on this account at 31 December 2018 amounting to Euros 2,614 thousand.

Details of the nature of the assets classified as held for sale and the related liabilities, at 31 December 2018, are as follows:

Assets	31.12.2018
Property, plant, and equipment	4,715
Goodwill	15,194
Other intangible assets	1,394
Non-current financial assets	25
Deferred tax assets	311
Total non-current assets	21,639
Inventories	7,106
Trade and other receivables	949
Other current financial assets	3,000
Derivative financial instruments	3
Cash and cash equivalents	11,172
Total current assets	22,230
TOTAL ASSETS	43,869
Liabilities	
Deferred tax liabilities	212
Provisions	79
Government grants	147
Total non-current liabilities	438
Trade and other payables	3,140
Provisions	2,202
Derivative financial instruments	38
Total current liabilities	5,380
TOTAL LIABILITIES	5,818

Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for 2019 and 2018, are as follows:

	31/12/2019	31/12/2018
Operating income		
Sales of goods and finished products	1,799	5,837
Income from the rendering of services	1	104
Work performed by the Group and capitalised as non-current assets	56	723
Total operating income	1,856	6,664
Operating expenses		
Change in inventories of finished products and work in progress and raw material supplies	(824)	4,835
Personnel expenses	(387)	(4,494)
Depreciation and amortization expenses and impairment losses	(117)	(3,473)
Other operating expenses	(219)	(3,240)
Total operating expenses	(1,547)	(6,372)
Other gains and losses		
Profit from sales of fixed assets	-	-
Total other gains/(losses)	-	-
Operating profit	309	292
Finance income / cost		
Finance income	120	616
Finance cost	(2)	(669)
Exchange gains/(losses)	(534)	745
Net finance income/(cost)	(416)	692
Share of profit/(loss) for the year of entities accounted for using the equity method .	-	-
Profit/(loss) before tax from continuing operations	(107)	984
Income tax expense	(7)	(89)
Profit/ (loss) after tax from discontinued operations	(114)	895
Profit / (loss) from discontinued operations attributable to non-controlling interests	-	-
Profit / (loss) from discontinued operations attributable to equity holders of the parent	(114)	895
EBITDA	426	3,765

The breakdown of the statement of comprehensive income for this activity in 2019 and 2018 is as follows:

	31/12/2019	31/12/2018
Profit / (loss) for the year	(114)	895
Items that will be reclassified to profit or loss		
Cash flow hedges	-	-
Exchange differences on translation of foreign operations	887	(972)
Tax effect	-	-
Other comprehensive income for the year, net of tax	887	(972)
Total comprehensive income for the year	773	(77)
Total comprehensive income attributable to:		
Equity holders of the parent	773	(77)
Non-controlling interest	-	-
	773	(77)

The cash flows arising from discontinued operations in the consolidated statement of cash flows are:

	31/12/2019	31/12/2018
Cash flows from:		
Operating activities	428	2,523
Investing activities	(65)	(4,756)
Financing activities	(11)	103

14. **Inventories**

Details of inventories are as follows:

	Thousands of euros	
	2019	2018
Goods, finished products and work in progress	194,987	201,548
Raw materials and other consumables	64,484	51,782
	259,471	253,330

At 31 December 2019 and 2018 there are no inventories with a recovery period greater than 12 months from the date of the consolidated statement of financial position.

As a result of the business combinations carried out during 2018, inventories amounting to Euros 110,384 thousand were incorporated.

The consolidated group companies have taken out a range of insurance policies to cover the risks to which inventories are exposed. The coverage of these policies is considered sufficient.

There are no significant commitments to purchase or sell goods.

During 2019 the Group has recognised provisions for inventories to adjust them to net realisable value amounting to Euros 5,721 thousand (reversals of Euros 65 thousand in 2018) (see note 23).

15. Trade and other receivables

A breakdown of this caption in the consolidated statement of financial position is as follows:

	Thousands of euros	
	2019	2018
Non-current		
Other non-current receivables	1,831	2,383
Current		
Trade receivables for sales and services	287,834	285,856
Other current accounts receivable and prepayments	29,468	18,760
Public administrations	18,098	13,616
Current income tax assets	6,418	25,551
Provisions for impairment and bad debts	(27,073)	(31,713)
Total current	314,745	312,070

At 31 December 2019 and 2018 the Other non-current receivables caption includes Euros 1,138 thousand corresponding to repayment commitments to the shareholders taken on when they contributed securities in the capital increase, as detailed in note 30.

The fair value of trade and other receivables does not significantly differ from book value.

There is no significant concentration of credit risk over trade receivables in any of the Group segments, except for one customer in the US market, whose credit risk is 9.26% of the total Receivables for sales and services rendered balance.

There are no significant trade and other receivable balances that may be affected by the United Kingdom's withdrawal from the European Union (Brexit).

The most significant balances in currencies other than the euro at 31December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
US Dollars	138,389	124,364
Australian dollar	32,866	27,456
Pounds sterling	8,868	8,759
South African rand	8,764	8,689
UAE dirham	6,963	7,340
Chinese renminbi	3,848	2,216
	199,698	178,824

Receivables from public administrations mostly relate to VAT receivable balances.

The movement in the provisions for impairment losses and bad debts for 2019 and 2018 is as follows:

	Thousands of euros
Balance at 31 December 2017	30,692
Business combinations	2,526
Charge for the year	7,394
Recoveries	(4,062)
Exchange gains (losses)	(37)
Write-offs	(4,800)
Balance at 31 December 2018	31,713
Charge for the year	10,807
Recoveries	(6,583)
Exchange gains (losses)	160
Write-offs	(9,024)
Balance at 31 December 2019	27,073

16. Equity

The breakdown of and movements in consolidated equity are shown in the consolidated statement of changes in equity.

- Share capital

At 31 December 2019 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. All shares bear the same political and financial rights.

On 31 October 2007 Fluidra, S.A. (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 quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant ownership interest at 31 December 2019 and 2018 is as follows:

Ownership percentage	31.12.2019	31.12.2018
Rhône Capital L.L.C.	38.42%	42.43%
Boyser, S.R.L.	8.13%	8.13%
Dispur, S.L.	7.07%	7.07%
Edrem, S.L.	6.93%	5.06%
Piumoc Inversions, S.L.U.	5.07%	5.07%
Maveor, S.L.	5.00%	2.88%
Other shareholders	29.38%	29.36%
	100.00%	100.00%

On 3 November 2017, Fluidra, S.A., the syndicated shareholders of the Company, Piscine Luxembourg Holdings 1 S.à.r.l. and Piscine Luxembourg Holdings 2 S.à.r.l., as ultimate and penultimate holding companies, respectively, of the Luxembourgian company Zodiac Pool Solutions S.à.r.l., signed an investment agreement whereby they agreed to combine the businesses of the Fluidra Group and the Zodiac Group by means of a cross-border merger.

Specifically, the transaction described consisted of the cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) in the terms set forth in articles 22 and thereafter of Act 3/2009 of 3 April, on structural modifications to corporations and articles 257 and thereafter of the Luxembourgian Corporations Law of 10 August 1915 (loi du 10 août 1915 sur les sociétés commerciales), with the termination by dissolution without liquidation, of the absorbed company and transfer in block of all of its equity to the absorbing company, which shall acquire, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the joint merger project.

The General Meeting of Shareholders of Fluidra, S.A. approved the merger on 20 February 2018 and it finally took effect on 2 July 2018.

The rate of exchange at which the shares of Piscine Luxembourg Holdings 2 S.à r.l. were swapped for Fluidra, S.A. shares is as follows: 69.1666667 ordinary shares in Fluidra, S.A. at Euros 1 par value for each ordinary share in Piscine Luxembourg Holdings 2 S.à.r.l. of Euros 0.01 par value, with no additional monetary compensation. This rate of exchange was verified by an independent expert appointed by the Mercantile Registry.

By virtue of the merger and in accordance with the rate of exchange stated, Fluidra, S.A. issued 83,000,000 new ordinary shares at Euros 1 par value each, representing 42.43% of the share capital of Fluidra, S.A. after the merger, which were submitted to and subscribed by Piscine Luxembourg Holdings 1, S.à.r.l., sole shareholder of the absorbed company, controlled by Rhône Capital. Fluidra, S.A.'s other shareholders (including the Company itself by virtue of its own shares held) were joint owners of 57.57% of the share capital after the merger.

For accounting purposes, this merger was treated like a direct acquisition, wherein Fluidra, S.A. was considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. were measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations). The fair value received by Fluidra, S.A. as a result of the merger was Euros 1,138,760 thousand (see note 5).

- Share premium

This reserve can be freely distributed, except for that established in the section on Dividends and limitations on dividend distribution of this note.

- Legal reserve

Pursuant to article 274 of the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

This reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

- Parent company shares
- The movements in treasury shares during 2019 and 2018 are as follows:

		Euros	
	Number	Face value	Average acquisition/disposal price
Balances at 01/01/2018	1,639,238	1,639,238	4.2024
Acquisitions	682,758	682,758	11.2446
Disposals	(185,308)	(185,308)	(12.4435)
Balances at 31/12/2018	2,136,688	2,136,688	6.4072
Acquisitions	937,600	937,600	10.8543
Disposals	(1,492,890)	(1,492,890)	(9.2444)
Balances at 31/12/2019	1,581,398	1,581,398	8.8527

The majority of Parent shares disposed of in the year ended 31 December 2019 were a result of the settlement of the 2015-2018 long-term variable remuneration plan, settled in January 2019, aimed at the executive directors and management team of Fluidra S.A. and the companies that make up the consolidated group (see note 31).

The time and maximum percentage limits of treasury shares meet the statutory limits.

No Group company owns shares in the Parent.

- Recognised income and expense

This caption mainly includes the currency translation differences and gains and losses on the measurement at fair value of the hedging instrument that corresponds to the portion identified as an efficient hedge, net of tax effect, if any.

- Dividends and limitations on the distribution of dividends

The Parent Company's voluntary reserves at 31 December 2019 amounting to Euros 9,744 thousand (Euros 50,379 thousand at 31 December 2018), as well as the share premium and profit/(loss) for the year of the Parent, are subject to legal limitations on their distribution.

The proposed appropriation of profit included in the Parent Company's financial statements for the years 2019 and 2018 is as follows:

	Thousands of euros	
	2019	2018
Basis of allocation:		
Profit / (loss) for the year	245,947	(33,878)
Distribution to:		
Legal reserves	20,984	-
Voluntary reserves	191,085	-
Dividends	-	-
Prior years' losses	33.878	(33,878)
Total	245,947	(33,878)

- Capital management

The objectives of the Group's capital management are to ensure that it maintains the ability to continue as a going concern so that it can provide returns to shareholders and benefit other stakeholders, and to maintain an optimal capital structure in order to reduce its cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue shares and sell assets in order to reduce debt.

Fluidra, S.A. controls its capital structure based on total leverage and net financial debt over EBITDA ratios (see note 36).

- The total leverage ratio is calculated as total assets divided by total equity.
- The net financial debt ratio (NFD) over EBITDA is calculated as net financial debt divided by EBITDA. The net financial debt is determined by the sum of current and non-current bank borrowings, and other current and non-current marketable securities, lease liabilities and derivative financial liabilities less non-current financial assets, less cash and cash equivalents, less other current financial assets, less derivative financial assets.

During 2019 the strategy, which has remained unchanged over prior years, was to keep the total leverage ratio and the net financial debt over EBITDA ratio between 2 and 2.5. In the case of the net financial debt over EBITDA ratio, the aforementioned target ratio has been exceeded in 2019 and in 2018. The Group is taking the necessary action to meet this target once again as soon as possible, as can be seen from the ratio's progress over the last twelve months. The ratios for 2019 and 2018 have been determined as follows:

Total leverage ratio:

	Thousands of euros	
	2019	2018
Total consolidated assets	2,997,097	2,879,204
Total consolidated equity	1,445,492	1,440,721
Total leverage ratio	2.07	2.00

Net Financial Debt / EBITDA ratio:

	Thousands of euros	
	2019	2018
Liabilities from loans and borrowings and other marketable securities	878,897	908,047
Plus: Lease liabilities	121,760	-
Plus: Derivative financial instruments	15,759	7,898
Less: Cash and cash equivalents	(242,240)	(170,061)
Less: Non-current financial assets	(7,376)	(6,709)
Less: Other current financial assets	(9,713)	(4,922)
Less: Derivative financial instruments	(291)	(356)
Net financial debt	756,796	733,897
Ebitda (note 36)	205,288	65,362
Net Financial Debt over Ebitda	3.69	11.23

- Non-controlling interest

During 2019 the movement in non-controlling interest has been as follows:

Company	Percentage of non-controlling interest 31.12.2019	31.12.2018
Fluidra Hellas (1)	13.04%	3.04%
Fluidra Balkans, JSC (1)	38.84%	44.34%
Fluidra Egypt, Egyptian Limited Liability Company (1)	10.00%	0.04%
W.I.T. Egypt, Egyptian Limited Liability Company (1)	10.01%	0.05%
Fluidra Services Italia, S.R.L. (1)	0.00%	9.00%
Fluidra Commerciale Italia, S.P.A. (1)	0.00%	9.00%
Agrisilos, S.R.L. (1)	0.00%	9.00%
Laghetto France, S.A.R.L. (1)	0.00%	9.00%
Fluidra Adriatic, D.O.O. (1)	0.00%	30.00%
Fluidra Brasil Indústria e Comércio Ltda (1)	0.00%	20.00%
Veico Com. Br Indústria e Comércio LTDA (1)	0.00%	20.00%
Fluidra Österreich GmbH SSA (1)	1.50%	3.00%
Fluidra BH D.O.O. Bijeljina (2)	40.00%	-
Fluidra Maroc, S.A.R.L. (1)	10.00%	-
Astral Aquadesign Limited Liability Company (2)	41.50%	-

(1) Purchase/sale of shares in 2019.
(2) Newly-created companies in 2019.

An amount of Euros 5,486 thousand has been paid as a result of transactions derived from these variations (Euros 1,035 thousand in 2018).

There are no significant restrictions on the group's capacity to act on the assets of non-controlling interest.

The most significant non-controlling interest at 31 December 2019 is as follows:

			2019 Thousands of euros				
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,603	272	1,331	2,684	361
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	3,792	1,872	1,920	5,498	742
Fluidra Balkans JSC	Bulgaria	38.84	2,804	2,755	49	3,377	211
Fluidra Hellas, S.A.	Greece	13.036	882	205	677	1,290	180

			2018				
			Thousands of euros				
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,394	301	1,093	2,416	329
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	2,788	1,342	1,446	5,855	636
Fluidra Balkans JSC	Bulgaria	44.34	3,201	3,114	87	3,660	137
Fluidra Youli Fluid System (Wenzhou) Co., LTD	China	30	2,729	181	2,548	1,340	(651)

The figures indicated above correspond to the ownership percentage of each company.

17. Earnings per share

a) Basic earnings

Basic earnings per share amounts are calculated by dividing consolidated profit / (loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the twelve-month period ended 31 December 2019 and 2018, excluding own shares.

A breakdown of the basic earnings per share calculation is as follows:

	31.12.2019	31.12.2018
Profit/(loss) for the period attributable to equity holders of the Parent (thousands of euros)	8,322	(33,922)
Weighted average number of ordinary shares outstanding	194,288,934	152,309,624
Basic earnings/(losses) per share from continuing operations (euros)	0.04342	(0.22859)
Basic earnings/(losses) per share from discontinued operations (euros)	(0.00059)	0.00588

Profit/(loss) for the year corresponds to the profit/(loss) for the year attributable to equity holders of the Parent.

The weighted average number of ordinary shares during the year was calculated as follows:

	Number of shares	
	31.12.2019	31.12.2018
Ordinary shares outstanding at 1 January	195,629,070	112,629,070
Effect of changes in treasury shares	(1,340,136)	(1,705,747)
Effect of capital increase	-	41,386,301
Weighted average number of ordinary shares outstanding at 31 December	194,288,934	152,309,624

b) Diluted earnings

Diluted earnings/(losses) per share are calculated by adjusting profit/(loss) for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive effects inherent to potential ordinary shares. Given that there are no potential ordinary shares, this calculation is not necessary.

18. **Provisions**

A breakdown of Other provisions is as follows:

	Thousands of euros			
	2019		2018	
	Non-current	Current	Non-current	Current
Guarantees	-	28,437	-	24,111
Provisions for taxes	130	-	5,092	-
Provisions for obligations with employees	8,511	-	8,809	-
Litigation and other liabilities	2,765	-	4,885	-
Total	11,406	28,437	18,786	24,111

The Provisions caption includes, on the one hand, current provisions for warranties provided to cover potential incidents related to the products sold by the Group and, on the other hand, non-current provisions that are described in the following three captions: Provisions for taxes to cover potential risks related to tax obligations in the countries in which the Group operates; Provisions for commitments to employees recorded in accordance with employment legislation in some countries in which the Group operates in order to cover potential future employee compensation and benefits; and Provisions for litigation and other liabilities, which include provisions recorded by Group companies in connection with contingencies arisen as a result of their activities.

At 31 December 2019, according to the IFRIC 23 interpretation issued by the IASB, a part of the Provisions for taxes related to income tax have been reclassified to Current income tax liabilities under Trade and other payables.

Movement during 2019 and 2018 is as follows:

	Guarantees	Provision for obligations with employees	Litigation and other liabilities	Provision for taxes	Provision for long-term employee benefits	Total
At 1 January 2018	7,249	5,687	1,033	3,876	4,211	22,056
Charge for the year	1,845	2,434	1,137	1,363	-	6,779
Business combinations	15,866	1,473	6,331	-	-	23,670
Payments / Disposals	-	(1,229)	(289)	(65)	-	(1,583)
Applications	(1,552)	(368)	(496)	-	-	(2,416)
Transfers	502	788	(2,741)	(79)	(4,211)	(5,741)
Exchange gains (losses)	201	24	(90)	(3)	-	132
At 31 December 2018	24,111	8,809	4,885	5,092	-	42,897
Charge for the year	4,981	1,695	1,090	3,803	-	11,569
Payments / Disposals	-	(343)	(536)	-	-	(879)
Applications	(1,615)	(2,846)	(1,076)	(3,502)	-	(9,039)
Transfers	560	1,116	(1,622)	(5,263)	-	(5,209)
Exchange gains (losses)	400	80	24	-	-	504
At 31 December 2019	28,437	8,511	2,765	130	-	39,843

19. Financial liabilities from loans and borrowings and other marketable securities

The breakdown of this caption in the consolidated statement of financial position is as follows:

	Thousands of Euros	
	2019	2018
Non-current borrowings	856,723	854,078
Bank borrowings	312	2,217
Finance lease payables	-	159
Total non-current	857,035	856,454
Bank loans	5,954	21,063
ABL credit facility	5,797	19,224
Non-current borrowings	7,454	7,363
Bank borrowings	2,657	2,572
Finance lease payables	-	1,371
Total current	21,862	51,593
Total liabilities from loans and borrowings and other marketable securities	878,897	908,047

All the balances shown in the table above correspond to the financial liabilities at amortised cost category.

On 2 July 2018, the debt refinancing following the merger with the Zodiac Group took effect, as follows:

- Long-Term Euro Loan Tranche amounting to Euros 400 million.
- Long-Term USD Loan Tranche amounting to USD 500 million.
- Long-Term AUD Loan amounting to AUD 75 million.
- Multi-currency revolving credit facility amounting to Euros 130 million.
- ABL credit facility (asset-based loan, mainly clients and inventories) amounting to USD 230 million.

The term agreed is 7 years for the loan in its three tranches with quarterly repayments of 0.25%, and repayment in full at the end of the term; 6 years in the case of the revolving credit facility, and 5 years for the ABL.

The interest rates are index-linked to the Euribor or Libor at 1 month, with spreads ranging between 2.25% and 3.75% depending on the tranche and currency; the revolving credit facility is between 2% and 2.5% based on the leverage ratio; and for the ABL there is a margin of between 1.50% and 2% based on the drawdown.

The Group is obliged to report to the lenders quarterly and there are certain standard limitations on increasing borrowings in loans and credit facilities of this kind. Furthermore the revolving credit facility is subject to compliance with certain financial ratios based on the requirement to keep the Financial Debt/EBITDA ratio below 5.65 when the facility is drawn down more than 40%. With regard to the ABL credit facility, there is a trigger for entering the settlement period based on whether over 90% of the loan or the total facility is drawn down over five consecutive days or in any event over thirty consecutive days.

These loans and credit facilities are subject to arrangement and issuance fees, and an availability commission in the case of credit facilities. In addition, after 45 days from the date of allocation, insurance costs will apply to all tranches of long-term loans held.

During 2018 and as a result of the debt refinancing, the following loans were cancelled: i) the loan signed by the Zodiac Group on 20 December 2016, ii) the ABL credit facility (asset-based financing) of the Zodiac Group, also signed on 20 December 2016, iii) the loan and revolving credit facility signed by Fluidra, S.A. with a syndicate of credit institutions on 25 February 2015, and iv) other bilateral loans and credit facilities held by the Fluidra Group. The cancelled bilateral loans amounted to Euros 31,980 thousand.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2019 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at 31 December 2019 or 31 December 2018.

The most significant loan included under current and non-current “Bank borrowings” corresponds to the loan signed by the company Fluidra Waterlinx Pty Ltd for a nominal amount of 150,000 thousand South-African rands (ZAR) on 17 September 2015, with maturity on 30 September 2020, at a fixed interest rate of 9.80% up to 31 December 2015 and a variable rate based on the Prime Rate plus a spread for the remaining period. This loan was taken out to refinance the existing loan and finance the acquisition of the company. The outstanding balance at 31 December 2019 amounts to Euros 2,883 thousand (Euros 4,093 thousand at 31 December 2018).

There are no significant financial liabilities that may be affected by the United Kingdom's withdrawal from the European Union (Brexit).

The most significant balances in currencies other than the Euro at 31 December 2019 and 2018 are as follows:

	Thousands of Euros	
	2019	2018
US Dollars	443,844	456,754
Australian dollar	51,335	49,969
South African rand	9,084	8,508
Pounds sterling	88	30
Other currencies	1,388	1,260
	505,739	516,521

The Group has the following credit and discount facilities at 31 December 2019 and 2018:

	Thousands of euros			
	2019		2018	
	Amount drawn down	Limit	Amount drawn down	Limit
Credit facilities	5,954	203,460	21,063	209,948
ABL credit facility	5,797	204,736	19,224	200,873
Discount facilities	-	9,000	-	10,000
	11,751	417,196	40,287	420,821

At 31 December 2019 and 2018 there are no borrowings backed by mortgage guarantees (see note 6).

The maturity of the non-current loans taken out with financial institutions is as follows:

	Thousands of euros	
Maturity	2019	2018
Within one year	10,111	9,935
Within 2 years	6,524	8,099
Within 3 years	6,211	6,294
Within 4 years	6,211	6,257
Within 5 years	6,401	6,144
More than five years	831,688	829,501
	867,146	866,230

At 31 December 2018, the breakdown of the minimum lease payments and the present value of finance lease liabilities by term to maturity is as follows:

	Thousands of euros		
	2018		
	Minimum payments	Interest	Principal
Within one year	1,389	18	1,371
Between one and five years	168	9	159
More than five years	-	-	-
	1,557	27	1,530

During 2019 and 2018 the interest rate on all the loans taken out by the Group is renewed on a monthly, quarterly, half-yearly or yearly basis.

The only difference between the fair value and the carrying amount of the financial assets and liabilities corresponds to non-current loans, the fair value of which is Euros 878,588 thousand (versus a carrying amount of Euros 864,177 thousand). The rest of the financial assets and liabilities show no significant differences between fair values and carrying amounts.

Details of changes in liabilities for financing activities and in cash flows are as follows:

	Balances at 01/01/2019	Non-monetary changes						Balances at 31/12/2019
		Cash flows	Business combinations/Sale of companies	Accumulated interest	Exchange rate changes	New leases	First-time application of IFRS 16	
Non-current borrowings	861,441	(8,933)	-	2,806	8,863	-	-	864,177
Non-current bank borrowings	2,217	(2,384)	-	-	479	-	-	312
Current bank borrowings	2,572	(82)	-	65	102	-	-	2,657
Non-current finance lease payables	159	-	-	-	-	-	(159)	-
Current finance lease payables	1,371	-	-	-	-	-	(1,371)	-
ABL credit facility	19,224	(14,079)	-	220	432	-	-	5,797
Current bank loans	21,063	(15,109)	-	-	-	-	-	5,954
	908,047	(40,587)	-	3,091	9,876	-	(1,530)	878,897
Lease liabilities	-	(15,601)	(29)	-	222	35,398	101,770	121,760
Cash and cash equivalents	170,061	70,714	-	-	1,465	-	-	242,240

	Balances at 01/01/2018	Non-monetary changes					Balances at 31/12/2018
		Cash flows	Business combinations/Sale of companies	Accumulated interest	Exchange rate changes	Transfers to discontinued operations (note 13)	
Non-current borrowings	-	286,105	568,180	1,386	5,770	-	861,441
Non-current bank borrowings	133,757	(128,963)	41	-	(2,618)	-	2,217
Current bank borrowings	38,790	(35,961)	21	-	(278)	-	2,572
Non-current finance lease payables	4,017	(3,786)	-	-	(72)	-	159
Current finance lease payables	2,049	(650)	-	-	(28)	-	1,371
ABL credit facility	-	11,377	8,006	200	(359)	-	19,224
Current bank loans	28,493	(7,430)	-	-	-	-	21,063
Other marketable securities	9,978	(9,978)	-	-	-	-	-
	217,084	110,714	576,248	1,586	2,415	-	908,047
Cash and cash equivalents	64,756	82,584	34,558	-	(665)	(11,172)	170,061

20. Trade and other payables

The breakdown of this caption in the consolidated statement of financial position is as follows:

	Thousands of euros	
	2019	2018
Trade payables for purchases and services	209,955	186,569
Other debt	8,543	1,435
Liabilities arisen in business acquisitions / Suppliers of assets	9,978	2,631
Public administrations	16,835	15,397
Current income tax liabilities	13,542	3,858
Employee benefits payable	32,711	37,846
	291,564	247,736

At 31 December 2019, Liabilities arisen in business acquisitions/Suppliers of assets includes Euros 7,347 thousand relating to the current payable arising from the early execution of the purchase option by the non-controlling interests of I.D.Electroquímica, S.L., which could be executed between 1 January 2020 and 31 December 2025. As a result of this early execution, the Group has recorded Euros 5,607 thousand in the Losses on the fair value of financial instruments caption of the consolidated income statement for the year ended 31 December 2019 related to the increase in the contingent liability initially recorded (see note 29).

The same item also includes Euros 560 thousand corresponding to the best estimate of the fair value of the current consideration deriving from the acquisition of Agrisilos, S.R.L. and Euros 331 thousand arising from the non-controlling interests' commitment to purchase this company. In 2019, the fair value of the contingent consideration and the commitment to purchase Agrisilos, S.R.L. have been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 246 thousand under Gains in the fair value of financial instruments.

Additionally, an amount of Euros 882 thousand is also included on account of contingent liabilities from the acquisition of the business Grand Effects by the Zodiac Group. At 31 December 2019, the fair value of the current and non-current contingent consideration has been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 625 thousand under Gains in the fair value of financial instruments.

Liabilities for contingent considerations from Agrisilios, S.R.L. and Grand Effects correspond to level 3 fair value hierarchy in accordance with IFRS 13.

For these liabilities, the Group has used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows have been determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

At 31 December 2018, the caption Liabilities for business acquisitions/Suppliers of fixed assets includes Euros 1,328 thousand corresponding to cross options pertaining to the key management of the company Fluidra Waterlinx Pty Ltd. On 31 December 2018 the fair value of this contingent consideration was revalued. As a result of this remeasurement, the Group recorded Euros 287 thousand in the Losses on the fair value of financial instruments caption of the consolidated income statement for the year ended 31 December 2018 related to the increase in the contingent liability initially recorded (see note 29).

The same item also includes Euros 225 thousand corresponding to the best estimate of the fair value of the current consideration deriving from the acquisition of Agrisilos, S.R.L. (see note 5).

Additionally, an amount of Euros 636 thousand is also included on account of contingent liabilities from the acquisition of the business Grand Effects by the Zodiac Group before the merger with the Fluidra Group. At 31 December 2018, the fair value of the current and non-current contingent consideration was remeasured. As a result of this remeasurement, the Group recorded an amount of Euros 580 thousand under Losses in the fair value of financial instruments.

Liabilities for contingent considerations from Fluidra Waterlinx Pty Ltd., Agrisilios, S.R.L. and Grand Effects correspond to level 3 fair value hierarchy in accordance with IFRS 13.

For these liabilities, the Group has used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows have been determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

The most significant balances in currencies other than the Euro at 31 December 2019 and 2018 are as follows:

Trade payables:

	Thousands of euros	
	2019	2018
US Dollars	118,488	104,172
Australian dollar	20,684	14,130
Pounds sterling	7,107	7,134
South African rand	6,554	6,889
Chinese renminbi	6,720	6,637
	159,553	138,962

Payable balances to Public Administrations are as follows:

	Thousands of euros	
	2019	2018
Tax payables to tax authorities		
VAT	7,833	6,946
Withholdings	2,271	1,897
Social Security, payables	5,004	5,260
Other	1,727	1,294
	16,835	15,397

21. Other non-current liabilities

The breakdown of non-current liabilities is as follows:

	Thousands of euros	
	2019	2018
Liabilities arisen in business acquisitions	14,770	18,516
Other	7,556	7,953
Total	22,326	26,469

At 31 December 2019, the Liabilities arisen in business acquisitions caption includes Euros 7,964 thousand from the cross put/call options with the minority interest of the company SIBO Fluidra Netherlands B.V., which can be exercised between 1 January 2021 and 30 June 2021.

At 31 December 2019, the same heading includes Euros 5,133 thousand relating to the non-current payable arising from the early execution of the purchase option by the minority interests of I.D.Electroquímica, S.L., which could be executed between 1 January 2020 and 31 December 2025. As a result of this remeasurement, the Group has recorded Euros 5,607 thousand in the Losses on the fair value of financial instruments caption of the consolidated income statement for the year ended 31 December 2019 related to the increase in the liability initially recorded (see note 29).

Euros 1,023 thousand is also included, arising from the contingent liability on the purchase of Riiot Labs NV/SA, and Euros 525 thousand, pertaining to the purchase commitment with the minority interest of the company. In 2019, the terms of the contingent liability and the commitment to purchase Riiot Labs NV/SA have been renegotiated, which has led to a remeasurement of both items recorded in Gains on the fair value of financial instruments for Euros 309 thousand.

Furthermore, Euros 125 thousand is included arising from the purchase commitment with the minority interest of Agrisilos, S.R.L.

Liabilities for contingent considerations from SIBO Fluidra Netherlands B.V., Riiot Labs NV/SA and Agrisilos, S.R.L. correspond to level 3 fair value hierarchy in accordance with IFRS 13.

For these liabilities, the Group has used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows have been determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

At 31 December 2018, the Liabilities arisen in business acquisitions caption includes Euros 7,695 thousand from the cross put/call options with the minority interest of the company SIBO Fluidra Netherlands B.V., which can be exercised between 1 January 2021 and 30 June 2021.

Under the caption Liabilities from business acquisitions an amount of Euros 6,652 thousand is also included corresponding to the put option of I.D. Elecroquímica, S.L. This option can be exercised between 1 January 2020 and 31 December 2025. On 31 December 2018 the Group re-estimated the value of the put option, recording an amount of Euros 365 thousand in the consolidated income statement caption Impairment in fair value of financial instruments for the year ended 31 December 2018, corresponding to the increase in value of the put option initially recorded (see note 29).

Euros 801 thousand is also included, pertaining to the options with the controlling shareholders of Riiot Labs NV/SA, and Euros 795 thousand, pertaining to the purchase agreement with the minority interest of Agrisilos, S.R.L.

Additionally, this caption also includes Euros 1,306 thousand from the contingent liability for the acquisition of Riiot Labs NV/SA and Euros 427 thousand from the contingent liability for the acquisition of Agrisilos, S.R.L.

During 2018, the terms of both the contingent liability and the purchase commitment with Agrisilos, S.R.L. have been renegotiated, which involved remeasuring both items, recording Euros 445 thousand in the Losses in the fair value of financial instruments caption of the income statement for 2018.

The caption Liabilities arisen in business acquisitions also includes an amount of Euros 840 thousand on account of contingent liabilities from the acquisition of the business Grand Effects by the Zodiac Group before the merger with the Fluidra Group.

Liabilities relating to the contingent considerations of Fluidra Waterlinx Pty Ltd, SIBO Fluidra Netherlands B.V., I.D. Electroquímica, S.L., Riiot Labs NV/SA, Agrisilos, S.R.L. and Grand Effects correspond to level 3 of the fair value hierarchy as per IFRS 13.

For these liabilities, the Group has used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows have been determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

None of the liabilities arisen in business acquisitions is fixed or firm.

22. Risk management policy

Fluidra's risk management system has been designed to mitigate all risks to which the company is exposed on account of its business activities. The three cornerstones of Fluidra's risk management structure are as follows:

- Common management systems specifically designed to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks arising from the preparation of financial reporting and improving its reliability, which have been designed in accordance with ICSFR.
- The risk map, which is the methodology use by Fluidra for identifying, understanding and measuring the risks that affect the company. Its purpose is to get a comprehensive perspective thereon, designing an efficient response system that is aligned with the business objectives.

These elements form an integrated system that allows the Group to appropriately manage the risks and mitigating controls throughout the organization.

Fluidra has a comprehensive and dynamic risk management system in place. It is applicable to the entire organization and its environment, is intended for the long term and is binding upon all employees, executives and directors of the company.

The Audit Committee is responsible for the preparation and execution of the risk management system, specifically assisted by the Internal Audit Department.

The Internal Audit Department is responsible for the supervision and proper functioning of the risk management system.

The objectives of the Audit Committee are to:

- Inform the shareholders at the general meeting of any questions that may arise regarding matters that come within its competence.

- Propose the appointment of the auditors or audit firms to the Board of Directors, to be submitted for approval by the shareholders in general meeting, in accordance with article 264 of the Spanish Corporate Enterprises Act, as well as the terms of engagement, the scope of the professional engagement and the renewal or cancellation of the appointment.
- Supervise the efficiency of the Company's internal control, and especially the Internal Control over Financial Reporting, the internal audit, and where applicable, risk management systems, in addition to discussing with auditors significant weakness in the internal control system detected during the audit.
- Monitor the process for preparing and presenting regulated financial information.
- Review the Company's accounts, watch over compliance with legal requirements and the proper adoption of generally accepted accounting principles, with the direct assistance of the external and internal auditors.
- Manage appropriate relationships with auditors or audit firms to obtain information on questions which might jeopardize their independence, for review by the Committee, and any other audit-related items, as well as any other communications provided for in audit legislation and standards. In any event, annual written confirmation of their independence must be received from the auditors or audit companies regarding the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of Law 19/1988, dated 12 July, on audits of financial statements.
- Prior to issuing the yearly audit report, a report expressing an opinion on the independence of the auditors of financial statements or audit firms must be published. This report in any event must opine on the provision of additional services to those discussed in the previous section.
- Oversee the fulfilment of the audit agreement, ensuring that the opinion on the financial statements and main contents of the audit report have been written clearly and accurately, as well as assessing each audit's results.
- Oversee compliance with regulations on related-party transactions. In particular, it shall ensure that the information on these transactions is notified to the market, in compliance with Order 3050/2004 issued by the Ministry of Economy and Finance on 15 September 2004.
- Examine compliance with the Internal Code of Conduct, the Board of Directors Regulations and, in general, the Company's governance rules and propose the necessary improvements therein.
- Receive information and, where appropriate, issue a report on the disciplinary measures that are intended to be taken against members of the Company's senior management.

In the tax field, the tax strategy approved by the Board is governed by the following principles: compliance with the tax obligations applicable in the territories in which it operates, promoting a collaborative relationship with the tax authorities with which it interacts, and protecting the generation of sustainable value for the Company's various stakeholders.

The Group's Tax Director reports at least once a year to the Board - via the Audit Committee - on the management and fulfilment of tax obligations, as well as on aspects of controlling and managing tax risks.

In the identification, understanding and measurement of the risks affecting the Company, the following risk factors have been considered:

- Security incidents
- Irregular activities and relations with the employees
- Risks related to the markets and activities in which the Group operates
- Brand reputation
- Process-related risks
- Economic environment
- Climatology
- Geopolitical risk
- Addition of new companies
- Financial risks
- Environmental issues

The risks are identified and assessed by analysing the potential events that may give rise to them. Metrics are used to measure the probability and impact of the risks. The existing mitigating controls are determined, as well as the necessary additional action plans if those controls were considered insufficient.

This process, which is performed annually, allows the Company to obtain its Risk Map. From this map the most relevant risks are extracted, which together with the main changes over the prior year are submitted to the Audit Committee for discussion and approval.

The severity scale and probability scale are defined based on qualitative and quantitative criteria. Once the critical risks have been identified and reassessed, Company Management sets specific actions, appoints the persons responsible, and establishes the terms for mitigating their impact and probability, while reviewing the current controls over them. The analysis of risks, controls and actions taken to mitigate their impact and probability is submitted annually to the Audit Committee for supervision and approval. Subsequently, the Audit Committee reports to the Board of Directors.

In 2019 the following risks materialized:

- The integration of Australian subsidiaries

During the process to integrate the Australian subsidiaries and standardise their processes, a failure to apply certain Group policies was identified, which led to disciplinary measures being taken. Local and area management together with the Group's Finance Department have calculated the impact of these incidents, which amounts to Euros 4.1 million. In addition, an action and incident correction plan has been set out so as to avoid a repeat of this situation.

The response and supervision plans to mitigate the risks that the entity is exposed to are as follows:

a) Development of new products

Ongoing analysis of sales of new strategic products and comparison with competitors using market research monitoring tools, analysis of statistical databases by type of market and product. Comparative studies that allow the products to be differentiated from the competitors' and update of product valuation files with the information obtained. Specific action plans aimed at ensuring that production capacities are adapted to the expected levels of demand for these new products.

b) Technology risks

Given the activities carried out by Fluidra's business units, the protection of their technology and developments is an essential milestone for maintaining their competitive advantage. For such purpose, the Group follows development criteria and policies and legal protocols that ensure protection.

c) Subsidiary management risk

Fluidra is clearly determined and convinced that the strengthening and standardization of its internal procedures and controls in the Group's subsidiaries is the right path to the prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, the Internal Audit Department is a high-value tool for the achievement of this goal.

d) Human capital risks

Fluidra group companies have a variable remuneration policy linked to professional development and achievement of personal goals in order to identify and reward its best professionals.

The Parent has a whistle-blowing channel created by the Audit Committee, under the joint management of the Corporate Human Resources, Internal Audit and Legal departments so that any group employee can report any internal control, accounting or audit-related matters.

The Company has an Internal Code of Conduct related to the securities market.

e) Process-related risks

These risks are centrally managed and monitored by the Management Control Department, and verified by the Internal Audit department.

The processes for obtaining the consolidated economic and financial information are developed centrally and under corporate criteria, and both the consolidated and each subsidiary's individual financial statements are verified by the external auditors.

f) Tax and legal risks

Fluidra has defined a procedure for identifying and assessing legal and tax risks that it applies on a regular basis. The purpose of this procedure is to identify disputes or litigation that may have an impact on the Company's equity situation, or differences that may arise from a different interpretation of the regulations with respect to a particular tax. Based on the analysis carried out, the Company makes the appropriate accounting provisions to provide adequate coverage in the event of any of the aforementioned risks materializing.

g) Climate risk

The company's risk map includes weather or climate risk, i.e. possible economic losses deriving from adverse movements of certain climate variables (GRI 201.2) both globally and locally in any of the regions or countries where Fluidra operates. The system followed to cover the risk currently consists of the geographical diversification of the business, an increase in the portfolio of products for adverse weather conditions and the research and development of products with low water, energy and chemical consumption, as well as products and services that enable the efficient management of swimming pool facilities at any time of the year and in any weather situation.

h) Financial risks

Market, liquidity, foreign exchange and interest rate risk management is monitored by the Group's Central Cash Department in accordance with the policies defined. This department identifies, evaluates, and covers financial risks in close collaboration with the Group's operating units.

i. Credit Risk

Credit risk is managed separately by each operating unit of the Group in accordance with the parameters set by Group policies, except for the subsidiaries in Spain, Portugal, France and Italy, where credit risk is managed centrally by the Group's Risk Department.

Credit risk exists when a potential loss may arise from Fluidra, S.A.'s counterparties not meeting their contractual obligations, that is, due to not collecting the financial assets according to the established amounts and time frame.

In the case of the Group, the risk is mainly attributable to trade receivables. This risk, however, is mitigated since the Group has a highly diversified domestic and international customer portfolio, where no one customer accounts for a significant percentage of total sales for the year, except for two customers on the American market.

Credit risk arising from the failure of a counterparty to meet its contractual obligations is duly controlled by policies and risk limits which establish requirements regarding:

- Appropriate agreements to the transaction made.
- Sufficient internal or external credit quality of the counterparty.
- Additional guarantees when necessary.

Additionally, there is an impairment loss policy for individual companies relating to trade receivables that ensures that fair values of accounts receivable do not significantly differ from their book value. This policy is mainly focused on accounts receivable more than 120 days past due.

The Group's exposure to past due not impaired financial assets is solely focused on the Trade and other receivables caption, and there are no other past due financial assets balances.

The tables below show the aging analysis of past due not impaired Trade and other receivables at 31 December 2019 and 2018:

	2019	2018
Not due	229,254	219,101
Past due	31,507	35,042
0 - 90 days	27,180	29,674
90 - 120 days	2,883	3,656
More than 120 days	1,444	1,712

ii. Liquidity Risk

Liquidity risk is the possibility that Fluidra, S.A. will not have sufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times.

The Group manages liquidity risk based on prudent criteria in order to maintain sufficient cash and marketable securities, secure the availability of committed credit facilities to provide financing, and ensure its capacity to exit market positions. Due to the dynamic nature of the underlying businesses, the Group's Treasury Department aims to maintain sufficient headroom on its undrawn committed borrowing facilities.

The table below shows the Group's exposure to liquidity risk at 31 December 2019 and 2018. The table below shows an analysis of financial liabilities by contractual maturity:

	2019					
	Miles de Euros					
	1 year	2 years	3 years	4 years	5 years	More tan 5 years
Financial liabilities from loans and borrowings and other marketable securities	55.902	38.467	38.006	37.710	37.613	862.693
Capital	21.862	6.524	6.212	6.211	6.401	831.687
Interest	34.040	31.943	31.794	31.499	31.212	31.006
Lease liabilities	28.127	24.885	21.671	19.238	15.995	41.805
Capital	23.173	20.068	17.412	15.478	12.712	32.917
Interest	4.954	4.817	4.259	3.760	3.283	8.888
Derivative financial liabilities	808	-	14.951	-	-	-
Trade and other payables	291.564	-	-	-	-	-
Other non-current liabilities	-	14.952	1.412	2.753	1.325	1.884
	376.401	78.304	76.040	59.701	54.933	906.382

	2018					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Financial liabilities from loans and borrowings and other marketable securities	88,381	44,038	41,613	41,196	40,834	864,065
Capital	50,222	8,099	6,294	6,257	6,144	829,501
Interest	38,159	35,939	35,319	34,939	34,690	34,564
Finance lease liabilities	1,389	112	52	4	-	-
Capital	1,371	105	50	4	-	-
Interest	18	7	2	-	-	-
Derivative financial liabilities	28	-	-	7,870	-	-
Trade and other payables	247,736	-	-	-	-	-
Other non-current liabilities	-	8,766	17,138	237	217	111
	337,534	52,916	58,803	49,307	41,051	864,176

During the next few months, based on its cash flow forecasts and financing available, the Group does not expect any difficulties in terms of liquidity.

iii. Foreign currency risk

The Group operates in the international arena and therefore is exposed to foreign exchange risks on transactions denominated in foreign currencies, especially in US dollar and Australian dollar. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group companies manage the foreign currency risk of future commercial transactions, recognised assets and liabilities by forward currency contracts mainly entered into by the Group's Treasury Department. Foreign exchange risk arises when future commercial transactions or firm commitments, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the Company's functional currency. This risk also arises as a result of balances between group companies that have been eliminated on consolidation. The Group's Treasury Department is responsible for managing the net position of each foreign currency by entering into external forward currency contracts.

The purpose of the Group's risk management policy is to cover the risk arising in transactions carried out in dollars and the Euros through natural hedges (offsetting collections against payments), using forward instruments to hedge the excess or shortfall. All transactions in Australian dollar are hedged against the American dollar using forward instruments. No hedging instruments are used to hedge transactions carried out in the other foreign currencies. The Group also has several investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Group manages the foreign currency risk relating to the net assets of its foreign operations in Australia and the United States mainly by holding borrowings denominated in the related foreign currency.

Although the Group arranges forward contracts for the economic hedging of foreign currency risks, not all of them are recognised applying hedge accounting.

At 31 December 2019, if the euro had appreciated by 10% with respect to the US dollar and the Australian dollar, keeping the other variables constant, consolidated profit after tax would have decreased by Euros 10,618 thousand and if the euro had depreciated by 10% with respect to the aforementioned foreign currencies, consolidated profit after tax would have increased by Euros 12,950 thousand, mainly as a result of the translation of accounts receivable denominated in foreign currency. Exchange differences included in recognised income and expenses would have decreased by Euros 76,559 thousand if the euro had appreciated by 10% and they would have increased by Euros 93,572 thousand if the euro had depreciated by 10%.

At 31 December 2018, if the euro had appreciated by 10% with respect to the US dollar and the Australian dollar, keeping the other variables constant, consolidated profit after tax would have decreased by Euros 9,626 thousand and if the euro had depreciated by 10% with respect to the aforementioned foreign currencies, consolidated profit after tax would have increased by Euros 11,746 thousand, mainly as a result of the translation of accounts receivable denominated in foreign currency. Exchange differences included in recognised income and expenses would have decreased by Euros 23,512 thousand if the euro had appreciated by 10% and they would have increased by Euros 33,511 thousand if the euro had depreciated by 10%.

The potential impact of foreign exchange rate derivatives has not been included in the calculation above.

The main balances in currencies other than the euro are described in notes 15, 19 and 20 to the consolidated financial statements.

iv. Cash flow interest rate risk

Since the Group does not have any significant remunerated assets, income and cash flows from operating activities are not significantly exposed to the risk of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. As indicated in note 19, most loans taken out by the Group are linked to floating market interest rates that are updated every month.

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps without barriers. The effect of these interest rate swaps is to convert floating borrowings to fixed borrowings. Generally, the Group borrows at a floating rate and swaps for a fixed rate, which is generally lower than the fixed rate at which the Group could have borrowed. Under interest rate swaps, the Group agrees with other parties to exchange, on a regular basis (usually quarterly), the difference between fixed interest and floating interest calculated on the notional principal agreed upon.

If interest rates at 31 December 2019 had been 25 basis points higher or lower, all other variables held constant, consolidated profit before tax would have been Euros 1,870 thousand lower or higher (Euros 1,152 thousand in 2018), mainly due to higher / lower finance costs at variable rates.

The potential impact of interest rate derivatives has not been included in the calculation above.

v. Market risk

Apart from the swaps arranged by the Group mentioned in the section above, there are no significant price risks related to equity instruments classified as held for sale or at fair value through profit or loss.

vi. Exposure to the British market

Group sales to the British market that could be affected by Brexit amount to Euros 46,405 thousand and a significant impact on the Group's consolidated profit/(loss) is not therefore expected.

23. Supplies and change in inventories of finished goods and work in progress

The breakdown of this income statement caption is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Purchases of raw and secondary materials	618,213	513,229
Changes in inventories of raw materials, finished products and work in progress and goods for resale	42,088	25,086
Net charge to the provision for obsolescence	5,721	(65)
Total	666,022	538,250

24. Sales of goods and finished products

The breakdown of sales of goods and finished products by business unit in 2019 and 2018 is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Residential	953,068	665,979
Commercial	99,057	92,557
Water treatment	191,902	152,382
Fluid handling	75,753	72,800
Pool & Wellness	1,319,780	983,718
Irrigation, Industrial and Other	47,770	45,923
Total	1,367,550	1,029,641

In 2019, the Commercial Pool caption included Euros 5,581 thousand (Euros 7,784 thousand in the corresponding prior year period) relating to the execution of projects where the rendering of services is recognised based on the degree of completion at the closing date, as long as the result of the transaction can be reliably estimated.

A breakdown of sales of goods and finished products by geographical region (country of destination) in the twelve months ended 31 December 2019 and 2018 is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Southern Europe	442,803	395,029
Rest of Europe	230,000	169,109
North America	425,941	218,391
Rest of the world	268,806	247,112
Total	1,367,550	1,029,641

At 31 December 2019 there is a client in the US with sales to third parties of 13.5% of total sales.

At 31 December 2018 there are no customer accounts for sales to third parties greater than 10% of total sales.

25. Income from services rendered

This caption mainly includes the revenue from sales transportation services and other logistic services rendered by the Group.

26. Personnel expenses

The breakdown of employee benefits expense in 2019 and 2018 is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Wages and salaries	219,995	175,514
Termination benefits	3,928	3,650
Social security expense	39,680	36,236
Other employee welfare expenses	14,269	7,552
	277,872	222,952

The Group's average headcount during the years 2019 and 2018 by professional category is as follows:

	31.12.2019	31.12.2018
Management	101	97
Sales, logistics and production staff	4,205	3,794
Administration and purchasing staff	1,184	1,074
	5,490	4,965

The average number of employees with a disability equal to or greater than 33% during 2019 amounts to 32 employees (44 employees in 2018), with 29 of them belonging to the professional category "sales, logistics and production" and the other 3 to "administration and purchasing staff" (42 and 2, respectively, in the prior year).

The Group's headcount by gender at year end is as follows:

	31.12.2019		31.12.2018	
	Male	Female	Male	Female
Directors (*)	11	1	12	-
Management	83	8	96	9
Sales, logistics and production staff	2,912	1,212	2,871	1,144
Administration and purchasing staff	567	571	618	591
	3,573	1,792	3,597	1,744

(*) The Directors category includes two senior managers.

27. Other operating expenses

The breakdown of Other operating expenses is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Leases and fees	9,764	29,111
Repairs and maintenance	19,246	12,829
Independent professional services	29,207	43,972
Temporary employment agency expenses	18,734	10,368
Commissions	3,840	4,770
Sales transportation and logistics services	63,045	48,449
Insurance premiums	5,165	3,242
Bank services	2,029	1,413
Advertising and publicity	23,562	17,004
Utilities	12,656	9,664
Communications	4,749	3,001
Travel expenses	21,240	15,028
Taxes	3,453	4,477
Adjustments due to impairment of receivables	4,224	3,332
Guarantees	8,563	3,868
Other (*)	26,612	19,057
	256,089	229,585

(*) Includes remuneration paid to the Board of Directors, research and development expenses and other expenses.

The leases and fees heading has decreased significantly compared to the same period in the prior year as a result of applying IFRS 16 (see note 2 d)), amounting to Euros 24,740 thousand, relating to operating lease payments which were recorded under this caption until the standard was applied.

In 2018, the Independent Professional Services caption includes the expenses corresponding to the merger and integration of Piscine Luxembourg Holdings 2 S.à.r.l.

28. Operating leases

At 31 December 2018, the Group had entered into operating leases with third parties on several warehouses, premises and industrial units.

The main operating lease arrangements on warehouses and buildings have been entered for a term between one and seven years (slightly shorter than the useful lives of the assets), at market prices, there are no advantageous purchase options thereon, and most of them can be renewed at the date of termination by mutual agreement of both parties to the contract. Lease payments were periodically updated in accordance with a price index established in each agreement.

Future minimum lease payments payable under operating leases were as follows:

	Thousands of euros
	2018
Within one year	23,560
Between one and five years	55,808
More than five years	55,729
	135,097

At 31 December 2018, operating lease payments recognised as expenses amounted to Euros 29,111 thousand (see note 27).

29. Finance income and costs

A breakdown of finance income and costs is as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Finance income		
Other financial income	1,481	330
Reversals for impairment of financial assets at financial assets amortised at cost other than trade and other receivables	-	406
Gains on the fair value of financial instruments	1,322	1,215
Total finance income	2,803	1,951
Finance cost		
Non-current interest on loans	(36,079)	(17,797)
Interest on debt (leasing, loans, policies and bills discounting)	(7,808)	(5,551)
Other finance costs	(3,070)	(2,352)
Losses on the fair value of financial instruments	(6,480)	(2,071)
Impairment losses on financial assets at amortized cost other than trade and other receivables	(355)	(340)
Total finance cost	(53,792)	(28,111)
Right-of-use finance cost	(4,929)	-
Exchange gains / (losses)		
Exchange gains	26,780	26,700
Exchange losses	(26,295)	(28,136)
Total exchange gains / (losses)	485	(1,436)
Net profit / (loss)	(55,433)	(27,596)

At 31 December 2019, the right-of-use finance cost heading includes the effect of applying IFRS 16 amounting to Euros 4,929 thousand (see note 2d).

At 31 December 2019, the Gains on the fair value of financial instruments caption includes Euros 1,294 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 362 thousand at 31 December 2018).

At 31 December 2019, the Losses on the fair value of financial instruments caption includes Euros 5,607 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 1,677 thousand at 31 December 2018).

30. Deferred taxes and Income tax

During 2019 and 2018, the Group is being taxed under the consolidated tax return regime, through six tax subgroups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, ZPES Holdings, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

Fluidra, S.A. (25%)

Fluidra Export, S.A.
Cepex, S.A.U.
Fluidra Commercial, S.A.U.
Fluidra Comercial España, S.A.U.
Fluidra Industry, S.A.U.
Fluidra J.V. Youli, S.L.
Fluidra Services España, S.L.U.
Industrias Mecánicas Lago, S.A.U.
Fluidra Industry España, S.L.U
Inquide, S.A.U.
Metalast, S.A.U.
Poltank, S.A.U.
Fluidra Global Distribution, S.L.U.
Sacopa, S.A.U.
Talleres del Agua, S.L.U.
Togama, S.A.U.
Trace Logistics, S.A.U.
Unistral Recambios, S.A.U.
Fluidra Engineering Services, S.L.
Innodrip, S.L.U.
I.D. Electroquímica, S.L
Fluidra Finco, S.L.

Zodiac Pool Solutions, LLC (23.1167%)

Zodiac Pool Systems, LLC
Cover Pools Incorporated

Fluidra Holdings Australia PTY LTD (30%)

Fluidra Group Australia PTY LTD
Fluidra Australia PTY LTD
Price Chemicals PTY LTD

Fluidra Services Italia, S.R.L. (24%)

Fluidra Commerciale Italia, S.p.a.
Agrisilos, S.R.L.

ZPES Holdings, S.A.S. (31%)

Fluidra Commercial France, S.A.S. (*)
Fluidra Industry France, S.A.R.L. (*)
Fluidra Assistance, S.A.S. (*)
Piscines Techniques 2000, S.A.S. (*)
Poolweb, S.A.S. (*)
Zodiac Pool Solutions, S.A.S.
Zodiac International, S.A.S.
Zodiac Pool Care Europe, S.A.S.

U.S. Pool Holdings, Inc. (26.23%)

Fluidra USA, Inc.
Aquaproducts, Inc.
Fluidra Projects USA, Inc.

(*) Companies included in the tax subgroup in 2019.

The Company and remaining subsidiaries (except Fluidra Middle East FZE and La Tienda Swimming Pool Maintenance LLC) are required to file an annual corporate income tax return.

The breakdown of deferred tax assets and liabilities according to their nature is as follows:

	Thousands of euros					
	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment and investment property	1,734	1,741	4,833	4,808	(3,099)	(3,067)
Provision for guarantees	4,434	4,255	-	-	4,434	4,255
Provision for obligations with employees	2,500	3,217	-	-	2,500	3,217
Impact of IFRS 15	4,469	3,797	-	-	4,469	3,797
R&D expenses	308	321	3,302	4,532	(2,994)	(4,211)
Contractual relations and customer portfolio	886	815	114,684	129,129	(113,798)	(128,314)
Trademarks and patents	209	223	44,180	44,165	(43,971)	(43,942)
Inventories	4,751	4,560	1,456	1,873	3,295	2,687
Provision for obsolescence of inventories	1,148	1,142	-	-	1,148	1,142
Impairment of receivables	2,379	2,846	-	-	2,379	2,846
Other provisions	8,678	5,018	-	-	8,678	5,018
Tax credit for unused tax loss carryforwards and deductions	43,731	52,628	-	-	43,731	52,628
Financial goodwill	-	-	6,237	6,003	(6,237)	(6,003)
Transaction costs	5	1,819	-	-	5	1,819
Other items	10,356	2,638	6,462	8,756	3,894	(6,118)
	85,588	85,020	181,154	199,266	(95,566)	(114,246)

The breakdown of changes in net tax assets and liabilities is as follows:

	Thousands of euros						
	31.12.2018	Profit and loss	Impact of the change in tax rate on profit or loss	Equity	Exchange gains (losses) / Others	Transfers	31.12.2019
Property, plant and equipment and investment property	(3,067)	966	173	-	(1,171)	-	(3,099)
Provision for guarantees	4,255	(67)	-	-	246	-	4,434
Provision for obligations with employees	3,217	(902)	(11)	-	196	-	2,500
Impact of IFRS 15	3,797	601	-	-	71	-	4,469
R&D expenses	(4,211)	371	111	-	(110)	845	(2,994)
Contractual relations and customer portfolio	(128,314)	15,094	2,913	-	(2,646)	(845)	(113,798)
Trademarks and patents	(43,942)	388	799	-	(1,216)	-	(43,971)
Inventories	2,687	(7)	-	-	615	-	3,295
Provision for obsolescence of inventories	1,142	(23)	7	-	22	-	1,148
Impairment of receivables	2,846	32	-	-	(499)	-	2,379
Other provisions	5,018	2,565	(24)	-	1,119	-	8,678
Tax credit for unused tax loss carryforwards and deductions	52,628	(6,097)	-	-	(2,800)	-	43,731
Financial goodwill	(6,003)	(232)	-	-	(2)	-	(6,237)
Transaction costs	1,819	5	-	-	(1,819)	-	5
Other items	(6,118)	6,541	60	1,445	1,966	-	3,894
Total	(114,246)	19,235	4,028	1,445	(6,028)	-	(95,566)

	Thousands of euros							
	31.12.2017	Profit and loss	Impact of the change in tax rate on profit or loss	Equity	Business combinations (note 5)	Exchange gains (losses) / Others	Transfers to discontinued operations (note 13)	31.12.2018
Property, plant and equipment and investment property	(2,609)	354	-	-	(983)	51	120	(3,067)
Provision for guarantees	351	(1,080)	(51)	-	4,993	42	-	4,255
Provision for obligations with employees	65	2,989	(9)	-	-	172	-	3,217
Impact of IFRS 15	-	(242)	-	-	4,064	(25)	-	3,797
R&D expenses	(8)	404	-	-	(4,525)	(66)	(16)	(4,211)
Contractual relations and customer portfolio	(2,717)	6,269	-	-	(129,812)	(2,054)	-	(128,314)
Trademarks and patents	(1,145)	209	-	-	(42,567)	(439)	-	(43,942)
Inventories	3,444	8,719	-	-	(9,203)	(273)	-	2,687
Provision for obsolescence of inventories	1,027	91	-	-	103	(79)	-	1,142
Impairment of receivables	2,411	163	(5)	-	263	31	(17)	2,846
Other provisions	3,457	(1,715)	-	-	3,539	(244)	(19)	5,018
Tax credit for unused tax loss carryforwards and deductions	7,033	(3,967)	(67)	-	50,285	(656)	-	52,628
Financial goodwill	(6,827)	(166)	976	-	19	(5)	-	(6,003)
Transaction costs	-	(725)	-	-	2,534	10	-	1,819
Other items	(3,190)	(1,861)	(62)	1,567	(2,330)	(75)	(167)	(6,118)
Total	1,292	9,442	782	1,567	(123,620)	(3,610)	(99)	(114,246)

On 30 March 2006 the company made a capital increase through the non-monetary contribution of shares under the special tax regime set forth in Chapter VIII, Title VII of Royal Legislative Decree 4/2004, of 5 March, which enacts the Revised Text of the Spanish Corporate Income Tax Law.

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable amounting to Euros 7,790 thousand. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by the Company. After the sale of shares carried out by the shareholders on 31 October 2007 due to the Company's initial public offering, the non-current deferred tax and the non-current account receivable were reduced to Euros 1,138 thousand, which are included in the Other non-current accounts receivable caption (see note 15). At 31 December 2019 and 2018 neither non-current deferred tax nor the non-current account receivable have shown any variation.

The items directly charged and credited to consolidated equity accounts for the year correspond to hedging instruments amounting to Euros 1,445 thousand in 2019 (Euros 1,567 thousand in 2018 corresponding to hedging instruments).

The other deferred tax assets and liabilities recorded and reversed in 2019 and 2018 have been recognised with a charge or credit to the income statement, except for those arising from business combinations, exchange gains and losses and other concepts.

The breakdown of the corporate income tax expense is as follows:

	Thousands of euros	
	2019	2018
Current tax		
for the year	29,250	14,215
Tax deductions	(1,181)	(1,304)
Prior years' adjustments	725	90
Provision for taxes	(105)	683
Other/ Withholding at source on income earned abroad	556	396
Deferred taxes		
Origination and reversal of temporary differences	(25,332)	(13,409)
Tax credit for unused tax loss carryforwards and deductions	6,097	3,967
Effect of the change in the tax rate	(4,028)	(782)
Total income tax expense	5,982	3,856

The reconciliation of current income tax with current net income tax liabilities is as follows:

	Thousands of euros	
	2019	2018
Current tax	28,069	12,911
Withholdings and payments made on account during the year	(19,597)	(12,291)
Other	(2,339)	(2,300)
Transfer of provisions as per IFRIC 23 (note 18)	5,263	-
Translation differences	(5)	(53)
Additions from business combinations (note 5)	-	(12,064)
Tax payable in 2018	(4,267)	-
Tax payable in 2017	-	(7,896)
	7,124	(21,693)

The relationship between income tax expense and profit from continuing operations is as follows:

	Thousands of euros	
	2019	2018
Profit for the year before tax from continuing operations	20,093	(28,961)
Profit at 25%	5,023	(7,240)
Effect of applying different effective tax rates in other countries	(31)	512
Permanent differences	(5,407)	4,841
Offsetting of unrecognised loss carryforwards from prior years	(964)	(432)
Tax effect of unused loss carryforwards in current year	8,170	5,332
Differences in the income tax expense from prior years	725	90
Withholding at source on income earned abroad	556	583
Provision for taxes	(105)	683
Tax deductions generated in the year	(1,181)	(1,304)
Effect of the change in the tax rate	(4,028)	(782)
Other	3,224	1,573
Income tax expense	5,982	3,856

Deferred tax assets related to taxable income available for offset and unused deductions recorded in the Group's consolidated financial statements at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
Deductions	2,997	3,246
Tax loss carryforwards	40,734	49,382
	43,731	52,628

The Group only recognises deductions and tax loss carryforwards for which recovery is considered probable. Tax loss carryforwards and deductions amounting to Euros 6,894 thousand and capitalized in prior years were utilised in 2019 (Euros 3,556 thousand in 2018). Mainly as a result of tax losses from the Spanish companies filing consolidated taxes, in 2019 an amount of Euros 797 thousand has been capitalized related to deductions and tax loss carryforwards (Euros 600 thousand in 2018).

In the business combination with the Zodiac Group, Euros 44,995 thousand in tax loss carryforwards were recorded from the group's French companies. Projections for the French companies as a merged group and the synergies obtained by integrating these businesses reasonably support the recovery of the said tax loss carryforwards in a period of less than ten years.

The amounts and periods of reversal for the capitalized deductions at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilization
2014-2015	1,345	2032-2033
2018-2019	1,397	2036-2037
2013-2015	255	No time limit
	2,997	

The amounts and periods of reversal for the capitalized tax loss carryforwards at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilization
2012-2017	40,652	No time limit
2018	54	No time limit
2019	28	No time limit
	40,734	

Deferred tax assets related, unused tax loss carryforwards and unused deductions not recorded in the consolidated financial statements of the Group are as follows:

	Thousands of euros	
	2019	2018
Deductions	2,748	3,626
Tax loss carryforwards	20,100	24,653
	22,848	28,279

The amounts and periods of reversal for non-capitalized deductions at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilization
2005-2017	2,434	2020-2035
2012-2017	285	No time limit
2018	27	2036
2019	2	2037
	2,748	

The amounts and periods of reversal of unrecorded unused tax loss carryforwards are as follows:

Year	Thousands of euros	Last year for utilization
2002-2016	32,182	2020-2036
2017	3,271	2020-2037
2018	4,081	2020-2038
2019	4,014	2020-2039
2002-2019	28,432	Losses with no time limit for utilization
	71,980	

Fluidra, S.A., Talleres del Agua, S.L.U., Fluidra Commerciale Italia, S.P.A., Zodiac Pool Deutschland GMBH and Zodiac Pool Systems, LLC are currently being inspected, although no significant liabilities are expected to arise for the Fluidra Group.

The Spanish companies are open to inspection for the following tax periods:

Tax	Open tax periods
Corporate income tax	From 2015 to 2019
Value added tax	From 2016 to 2019
Personal income tax	From 2016 to 2019
Tax on Economic Activities	From 2016 to 2019

In April 2018 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the income tax of the Parent of the tax group Fluidra, S.A. The years being inspected for the income tax are 2013-2016. This inspection covered checking the distribution among Group companies of costs relating to management support services and it was completed in 2019 without revealing significant additional contingent liabilities to those already recorded.

In April 2019 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The Company’s Directors consider that no additional significant contingent liabilities will arise other than those already recorded, and the additional tax payable, if any, would not have a significant impact on the financial statements of the company.

The Group's Directors consider that in the event of additional tax inspections above and beyond those mentioned, the possibility that contingent liabilities arise is remote and the additional tax payable, if any, that may derive would not have a significant impact on the consolidated financial statements of the Group taken as a whole.

31. Related party balances and transactions

The breakdown of balances receivable from and payable to related parties and associates and their main characteristics is as follows:

	Thousands of euros			
	31.12.2019		31.12.2018	
	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	386	-	315	-
Trade receivables	36	-	44	-
Suppliers	-	620	-	746
Payables	-	-	-	-
Total current	422	620	359	746

a) Consolidated Group transactions with related parties

Current related-party transactions correspond to the Group's normal trading activity, have been carried out on a reasonable arm's length basis and mainly include the following transactions:

a. Purchases of finished products, purchases of spas and accessories from Iberspa, S.L. (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.).
b. Lease contracts on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Inmobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under Lease payments / expenses for services and others amounting to Euros 2,811 thousand in the year ended 31 December 2019 (Euros 2,853 thousand in the same period in 2018).
c. Sales of necessary components and materials produced by the Group for the manufacture of spas to Iberspa, S.L.
d. Rendering of services by the Group to Iberspa, S.L.

The nature of the relationship with the above-mentioned related parties is the existence of significant shareholders in common.

The amounts of the consolidated Group transactions with related parties are as follows:

	Thousands of euros			
	31.12.2019		31.12.2018	
	Associates	Related parties	Associates	Related parties
Sales	492	1,127	484	897
Income from services	46	184	32	230
Purchases	(55)	(4,124)	(185)	(5,525)
Lease payments / expenses for services and other	-	(2,854)	-	(2,929)

b) Information on the Parent Company's Directors and the Group's key management personnel

No advances or loans have been given to key management personnel or Directors.

The remuneration earned by key management personnel and Directors of the Company is as follows:

	Thousands of euros	
	2019	2018
Total key management personnel	4,023	8,404
Total Directors of the Parent company	6,587	5,182

The members of the Parent Company's Board of Directors have earned Euros 1,216 thousand in 2019 (Euros 1,009 thousand in 2018) from the consolidated companies in which they act as board members. Additionally, for the performance of executive duties, they have earned Euros 5,251 thousand in 2019 (Euros 4,084 thousand in 2018). Executive duties includes payment in kind relating to vehicles, life insurance, medical insurance and income from share plans. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses in 2019 (Euros 89 thousand in 2018).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 31 thousand in 2019 (Euros 67 thousand in 2018). These life insurance policies consist in an income supplement in the event of total permanent invalidity.

Furthermore, the Company has made contributions to benefit plans and pension plans amounting to Euros 76 thousand in 2019 (Euros 112 thousand in 2019).

During 2019, civil liability insurance premiums for all the Group's directors to cover damages arising in the performing of duties during the year have been paid amounting to Euros 65 thousand (Euros 75 thousand in 2018).

The Group’s key management includes the executives that answer directly to the Board of Directors or senior management, as well as the internal auditor.

At the general meeting held on 5 May 2015 the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan was implemented through the granting of a certain number of performance share units (PSUs), which were settled in Company shares once a certain period of time had elapsed 25% of these PSUs could be directly converted into shares once certain length-of-services requirements are met. The remaining 75% would be converted subject to the following financial objectives: 50% are subject to the evolution of the quotation of Fluidra shares, and 50% to the evolution of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary for which the beneficiary is responsible.

The maximum number of PSUs to be granted under the new plan would amount to 1,672,615, without prejudice to the inclusion of new executives to this plan with a maximum limit of 2,161,920 shares.

At 31 December 2017, this number of shares was insufficient to cover the total shares resulting from applying the degree of attainment from the metrics (3,076,819 shares).

Therefore, based on the proposal of the Appointments and Remunerations Committee, the Board of Directors decided to make cash payments for each share exceeding the maximum number of shares authorised by the General Shareholders’ Meeting, at a value of Euros 8 per share. The beneficiaries of this cash compensation were members of management who were on the Group’s payroll at the date of settlement of the plan, with the exception of the executive chairman, who would receive a distribution proportional to the shares authorised by the General Shareholders’ Meeting.

At 31 December 2018 the best estimate of the fair value of the plan's total amount came to approximately Euros 10,755 thousand, to be settled as Euros 3,579 in equity instruments and Euros 7,176 thousand in cash. At 31 December 2018 an equity increase was recorded for the amount of Euros 1,266 thousand, which corresponds to the portion to be settled via equity instruments. The portion of the plan to be settled in cash was recorded in Salaries payable under the heading Trade and other payables for Euros 2,965 thousand.

The plan started on 1 January 2015 and ended on 31 December 2018, although effective settlement occurred in January 2019.

Certain members of Zodiac Group management held payment agreements based on shares in the company Piscine Luxembourg Holdings 1 S.à r.l. (LuxCo) signed between both parties during the first half of 2017 (the Original Plan), The merger agreements between Fluidra and LuxCo stipulated the replacement of this Original Plan with an alternative plan (the Replacement Plan) in the terms signed between Rhône Capital L.L.C. and beneficiary management staff, in order for the plan to be aligned with, and not to preclude, the objectives and schedule of the 2018-2022 Incentive Plan to be implemented by Fluidra.

The Replacement Plant grants management staff three different instruments:

- • Shares in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who are currently shareholders of LuxCo and subject to the Original Plan ("Common Equity roll-over").

- • Shares in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who hold the MIV in an equivalent number of shares to the value of the MIV under the Original Plan ("MIV Interest roll-over").

- Restricted additional share units in LuxCo, convertible to shares in Fluidra, S.A. or cash at the liquidation date ("Restricted shares").

Generally speaking, the stated instruments are subject to conditions of permanency as employees of the Company, complying with Rhône Capital L.L.C.'s financial objectives, share lock-up periods and repurchase options in the event the member of management staff leaves the company. The periods of consolidation of rights and/or lock-in periods, whichever the case, depend on the total or partial departure of Rhône Capital L.L.C. from Fluidra, S.A. in line with the different tranches contained in the three aforementioned instruments of the plan. In all cases the commitments are payable entirely in Fluidra, S.A. shares or cash.

In accordance with IFRS 3, the change of plan in these circumstances should be analysed in order to determine to what extent the impact should be counted as services performed before the transaction, after it, or a combination of both. The services counted prior to the transaction were included in the price paid, whilst services counted after the transaction date are taken to the income statement as long-term salaries throughout the remaining period until the right accrues. In this case, although it impacts on the income statement by way of services rendered by management staff who are beneficiaries of the plan, Fluidra, S.A. is not required to settle the Replacement Plan since Rhône Capital L.L.C. is obliged to pay for the plan.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand. At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 4,150 thousand, net of the tax effect (Euros 1,218 thousand at 31 December 2018).

Furthermore, on 27 June 2018 the General Meeting of Shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group. This plan includes the delivery of Fluidra, S.A., shares, taking place following the merger.

The 2018-2022 plan entails the concession of a certain number of PSUs (point of sale units) which will be taken as a reference to determine the final number of shares to be delivered to the beneficiaries after a certain period of time, provided that certain strategic objectives of the Fluidra Group are met and the requirements set forth in the Regulations are fulfilled.

The specific number of shares in Fluidra, S.A. in terms of the PSUs on concession and attached to the compliance of the financial targets, will be established based on the following metrics:

a) The evolution of Fluidra, S.A.'s Total Shareholder Return (TSR) in absolute terms.
b) The evolution of the Fluidra Group's EBITDA.

For the purposes of measuring the evolution of the TSR, the initial value taken shall be the price per share in Fluidra, S.A. that was used to calculate the exchange equation resulting from the merger between the Fluidra and Zodiac Groups, i.e. Euros 8. The target EBITDA is the amount resulting from the approved Fluidra, S.A. strategic plan.

The 2018-2022 plan covers the years from 1 January 2018 to 31 December 2021 and there is, therefore, an additional period of one year up to 31 December 2022 during which the beneficiaries will remain on the plan.

The maximum number of shares to be distributed under the 2018-2022 plan is 5,737,979 shares.

At 31 December 2019 the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand, which will be settled in full in equity instruments. At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 7,300 thousand (Euros 2,092 thousand at 31 December 2018).

c) Transactions performed by the Directors of the Parent Company outside of its ordinary course of business or other than on an arm's length basis

During 2019 and 2018 the Directors of the Parent Company have not carried out any transactions with the Company or with group companies other than those conducted on an arm's length basis in the normal course of business.

d) Situations representing a conflict of interest for the Directors of the Parent Company.

Neither the Company's directors nor any persons related to them were party to any conflicts of interest requiring disclosure in these notes pursuant to the provisions of article 229 of the consolidated text of the Corporate Enterprises Act.

32. Environmental information

The significant systems, equipment or installations incorporated into property, plant, and equipment at 31 December 2019 and 2018 for the purpose of minimizing environmental impact and protecting and improving the environment are as follows:

	2019		
	Thousands of euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,217	(3,044)	173
Energy saving	2,793	(1,241)	1,552
Emissions reduction	834	(734)	100
Reduction of pollution	741	(631)	110
	7,585	(5,650)	1,935

	2018		
	Thousands of euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,168	(3,021)	147
Energy saving	2,493	(1,002)	1,491
Emissions reduction	834	(723)	111
Reduction of pollution	741	(596)	145
	7,236	(5,342)	1,894

Expenses incurred in 2019 and 2018 for the protection and improvement of the environment were as follows:

	Thousands of euros	
Description of expenses	2019	2018
External services	406	504
Environmental protection	216	205
	622	709

The Directors estimate that there are no significant contingencies related to environmental improvement and protection and, therefore, no provision for risks and expenses has been recognised in any group company at 31 December 2019 and 2018.

No grants in connection with environmental activities have been received at 31 December 2019 and 2018.

33. Other commitments and contingencies

At 31 December 2019 and 2018 the Group has not presented any mortgage guarantees.

At 31 December 2019, the Group has guarantees from financial institutions and other companies amounting to Euros 7,799 thousand (Euros 6,105 thousand in 2018), of which Euros 220 thousand correspond to technical guarantees (Euros 220 thousand in 2018).

34. Auditors' and related Group companies' fees

Net fees accrued to Ernst & Young, S.L. as the auditor of the Group's consolidated financial statements for the year ended 31 December 2019 and 2018 for professional services were as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Audit services	550	552
Other assurance services	86	84
Total	636	636

The amount of “Other assurance services” for 2019 includes: the report on the system of internal control over financial reporting (SCIIF), the review report on the Proforma/recurring EBITDA information presented within the information provided to the analysts and the review of the financial reports of certain R+D projects.

The amount of “Other assurance services” for 2018 includes: the report on financial ratios (Covenants), the report on the system of internal control over financial reporting (SCIIF), the review report on the Proforma/recurring EBITDA information presented within the information provided to the analysts, the ECOEMBES environmental report, and the royalties review report.

The amounts presented in the tables above include all of the fees related to the services rendered in 2019 and 2018, regardless of when they were invoiced.

Additionally, the professional services invoiced to the Group by other companies associated to Ernst & Young Global Limited during the year ended 31 December 2019 were as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Audit services	866	651
Total	866	651

Additionally, net fees accrued by the Group to auditors other than Ernst & Young, S.L. during the year ended 31 December 2019 for professional services were as follows:

	Thousands of euros	
	31.12.2019	31.12.2018
Audit services	131	139
Other assurance services	43	25
Tax advisory services	116	102
Other services	13	39
Total	303	305

35. Information on late payment to suppliers

According to Law 31/2014 of 3 December establishing measures on combating late payment in commercial transactions, the information on late payment to suppliers in Spain is as follows:

	2019	2018
	Days	Days
Average payment period to suppliers	64.31	64.09
Ratio of transactions paid	65.53	64.97
Ratio of transactions payable	55.02	55.46
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	291,264	268,778
Total payments outstanding	37,956	27,505

36. EBITDA

The consolidated income statement shows the amount corresponding to EBITDA, whose definition for the purpose of these financial statements is as follows:

Sales of goods and finished products + Income from services rendered (see note 25) + Work performed by the Group for its own non-current assets + Profit from sales of fixed assets – Change in inventories of finished products and work in progress and consumables of raw materials – Employee benefits expense – Other operating expenses + Share in profit/(loss) for the year from associates accounted for using the equity method.

Calculation of EBITDA for 2019 and 2018	Thousands of euros	
	31.12.2019	31.12.2018
Sales of goods and finished products	1,367,550	1,029,641
Income from services rendered	24,928	18,184
Work performed by the Group and capitalized as non-current assets	14,157	7,854
Profit/(loss) from sales of fixed assets	(1,364)	406
Change in inventories of finished products and work in progress and raw material supplies	(666,022)	(538,250)
Personnel expenses	(277,872)	(222,952)
Other operating expenses	(256,089)	(229,585)
Share in profit/(loss) for the year from investments accounted for using the equity method	-	64
EBITDA	205,288	65,362

37. **Events after the reporting period**

On 28 January 2020, Fluidra completed the long-term debt refinancing of its loans with an initial start date of 2 July 2018, resulting in the partial voluntary repayment of Euros 90 million in the Euros tranche and US Dollars 66.5 million in the USD tranche. As a result of this refinancing, the economic terms of the reference interest rates have improved to Euribor plus 200 basis points for the loan tranche in Euro and Libor plus 200 basis points for the loan tranche in USD, resulting in a decrease of 75 and 25 basis points, respectively. The margin applicable to the reference interest rates for the revolving credit facility will fall between 150 and 200 basis points, with a reduction of 50 basis points compared to the margin previously applied, which was between 200 and 250 basis points.

On 14 February 2020, Fluidra Group Australia Pty Ltd., a wholly-owned subsidiary owned indirectly by Fluidra acquired 80% of the share capital of the Australian company Fabtronics Australia Pty Ltd.

Fabtronics has its registered address in Melbourne and is considered one of the leading companies in the Australian market for the design of electronic parts for pool equipment, with a particular emphasis on research and development in this industry. Fabtronics' sales figure in the year ended 30 June 2019 amounts to approximately 18 million Australian Dollars with EBITDA in the aforementioned period of approximately 6 million Australian Dollars.

The signed agreement values 100% of Fabtronics an 18.75 million Australian Dollars, excluding future earnouts. The purchase price of 80% of share capital will be paid as follows: an initial payment made on 14 February 2020 for 15 million Australian Dollars; furthermore, additional earnouts have been agreed linked to Fabtronics' results over the coming three years.

The purchase and sale agreement signed also includes cross-selling options that will enable Fluidra's investment to be increased to up to 100% of Fabtronic's share capital.

On 27 February 2020 the agreed closings regarding the partial verification and investigation proceedings into the VAT obligations of Fluidra, S.A. relating to VAT in 2018 were signed (see note 30). The tax authorities have not adjusted any amounts as a result of this inspection and have refunded the amount owed with the relevant late interest payments.

The emergence of coronavirus (COVID-19) in China in December 2019 and its recent worldwide spread to a large number of countries caused the World Health Organization to label the outbreak a pandemic on March 11. Considering the absence of medical treatment for the virus, and the globalization, there is significant uncertainty on the overall evolution and extension of the pandemic in the coming months. However, it is encouraging to see the recovery of China and other countries that have implemented effective control measures against the virus. Nevertheless, at this point in time, it is still uncertain the impact to the macroeconomy and the response from governments and international monetary institutions.

As a result, at the date of issuance of these financial statements, it is difficult to make a detailed assessment or quantification of the potential impact that COVID-19 will have on the Group, because of the uncertainty of events in the short, medium and long term. However, the Group is confident about the robustness of its business model and its competitive advantage in the long term.

Nevertheless, the Group has made a preliminary assessment of the current situation based on the best available information and it is taking all necessary steps in order to face the situation and minimize the impact of this unforeseeable event. From the results of said assessment, the following points should be noted:

· Risk to employees' health: it is a priority to guarantee employees' health. Consequently, from the beginning of this health crisis, hygiene measures have been adopted and travel to risk areas has been restricted. After the WHO labelled the outbreak a pandemic, and some countries declared the state of emergency, "working from home" measures have been implemented where possible. Each country and work center has made individual decisions in order to protect employees' health.

· Liquidity risk: it is expected that the general situation of the markets may cause an overall increase in liquidity strains and a contraction in the credit market. In this regard, the Group has credit facilities, ABL and discount facilities (Note 19), in conjunction with the specific plans to improve and manage liquidity will allow to address that scenario.

· Operational risk: this changing and unpredictable situation may result in a risk of temporary interruption of production/sales or an exceptional break in the supply chain. Therefore, the Group has set up several task forces and has adopted specific procedures for monitoring and managing its operations through this difficult times.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Subsidiaries accounted for using the full consolidation method

- Agrisilos, S.R.L., domiciled in Vescovato (Italy), is mainly engaged in the production, processing, assembly and marketing of plastic products and other materials for use in agricultural and industrial settings, swimming pools, swimming pool equipment and supplies, water treatment products, robotic cleaning devices and membranes for projects in the gas industry and, in general, products and accessories, spare parts, expandable structures and products relating to the wellness market, including maintenance, repair, management and other services relating to the abovementioned activities.

- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.

- Aqua Products Inc. domiciled in New Jersey (USA), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.

- Astral Aquadesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.

- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Praha-Vychod (Czech Republic), is mainly engaged in the marketing of pool accessories.

- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.

- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.

- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (HongKong), is mainly engaged in the marketing of pool-related accessories.

- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.

- Astralpool UK Limited., domiciled in Hants (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.

- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.

- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.

- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.

- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.

(Continues)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.

- Fluidra Assistance, S.A.S, domiciled in Perpignan (France), is engaged in the installation, assembly and operation of all products and materials related to pools and water treatment, as well as after-sale services, maintenance and installation of these products and materials.

- Fluidra Australia PTY LTD, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. This company is the parent of the Australia Group and fully owns Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, (dormant), in addition to Astral Pool Australia Pty Ltd.

- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Belgique, S.R.L., domiciled in Carcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in the wholesale selling of swimming pool products.

- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Itajaí (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.

- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.

- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.

- Fluidra Comercial España, S.A.U., (merged with Zodiac Pool Iberica, S.L.) domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification. This company is the parent of the F.C.España group, and holds a 67.5% interest in the company Tecnical Pool Service, S.L.

- Fluidra Comercial Portugal Unipessoal, Lda. (merged with Zodiac Pool Care Portugal Unipessoal, LDA) domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

(Continues)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

Fluidra Commerciale Italia, S.P.A. (merged with Zodiac Pool Systems Italia SRL), domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commercial, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Danmark A/S, domiciled in Roedekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.

- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.

- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.

- Fluidra Finco, S.L.U., domiciled in Sabadell (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of products for swimming-pools, irrigation and water treatment and purification, as well as the marketing of such products both in the domestic market and abroad, and the representation of brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.. The company is also engaged in investing in all types of business and enterprises, and advising, managing and administering the companies in which it holds an ownership interest

- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution to group companies.

- Fluidra Group Australia Pty Ltd (previously Zodiac Group Australia PTY, LTD), domiciled in Smithfield (Australia), is mainly engaged in the manufacture, distribution and sale of pool materials by several Group brands.

- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.

- Fluidra Holdings Australia Pty Ltd (previously Zodiac Pool Solutions LTY, LTD), domiciled in Smithfield (Australia) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Holdings South Africa Pty Ltd, domiciled in Johannesburg (South Africa) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra India Private Limited, domiciled in Chennai (India), is mainly engaged in the marketing of pool material.

(Continues)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

- Fluidra Indonesia PT, domiciled in Jakarta (Indonesia) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

- Fluidra Industry España, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Industry France, S.A.R.L., domiciled in Perpignan (France), is engaged in the manufacture of automatic pool covers.

- Fluidra Industry, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra JV Youli, S.L.U. domiciled in Sabadell (Barcelona, Spain), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.

- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.

- Fluidra Latam Export LLC, domiciled in Wilmington (US), is mainly engaged in distributing pool materials in the Latin American market.

- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.

- Fluidra Malaysia SDN.BHD, domiciled in Johor (Malaysia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Maroc, S.A.R.L., domiciled in Casablanca (Morocco), is engaged in the import, export, manufacture, marketing, sale and distribution of spare parts for swimming-pools, irrigation and water treatment.

- Fluidra México, S.A. DE CV, domiciled in Mexico City (Mexico) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

- Fluidra Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.

- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra (N.Z.) Limited (previously Zodiac Group (N.Z.) Limited, domiciled in North Shore City (New Zealand), is mainly engaged in the distribution and sale of pool material.

- Fluidra Nordic AB, domiciled in Mölndal (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

(Continues)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

- Fluidra Österreich GmbH “SSA”, domiciled in Salzburg (Austria) is mainly engaged in the marketing of swimming-pool products.

- Fluidra Polska, SP. Z.O.O., domiciled in Wroclaw (Poland) is mainly engaged in the marketing of pool accessories.

- Fluidra Projects USA Inc. domiciled in Wilmington (USA), is engaged in the management, advice and performance of sports, leisure and health centers projects and works, through its own technical, personnel and organizational means or through third-party subcontracting.

- Fluidra Romania S.A., domiciled in Bucharest (Romania) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra Serbica, D.O.O. Beograd, domiciled in Belgrade (Serbia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Services España, S.L.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services and real estate activity.

- Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.

- Fluidra South Africa (Pty), Ltd, domiciled in Johannesburg (South Africa), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.

- Fluidra Switzerland, S.A., domiciled in Bedano (Switzerland) is mainly engaged in the marketing of pool material.

- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.

- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Kartal (Turkey), is engaged in the import of equipment, chemical products and other secondary materials necessary for swimming-pools, and their subsequent distribution.

- Fluidra Tunisie, S.A.R.L., domiciled in El Manar (Tunisia), is mainly engaged in the performance of surveys and providing marketing advisory services.

- Fluidra USA, INC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.

- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

- Fluidra Waterlinx Pty, Ltd (formerly Waterlinx Pty, Ltd), domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories. This company is the parent of the Waterlinx Group, and fully owns Waterlinx Industrial and Irrigation Pty Ltd.

- I.D. Electroquímica, S.L., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and eletrochemical reactors.

- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.

- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.

- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.

- La Tienda Swimming Pool Maintenance LLC, domiciled in Dubai (Dubai), is mainly engaged in the maintenance, installation and sale of pools.

- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.

- Loitech (Ningbo) Heating Equipment Co, Ltd, domiciled in Zhenhai (China), is engaged in the production and installation of heat pumps for swimming-pools, as well as other accessories necessary for the assembly.

- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.

- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.

- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.

- Ningbo Dongchuan Swimming Pool Equipements Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminum products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.

- Ningbo Linya Swimming Pool & Water Treatment Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.

- Piscine Luxembourg Holdings 3, S.A.R.L. (merged with Zodiac Pool Solutions, S.A.R.L.), domiciled in Luxembourg (Luxembourg) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Piscines Techniques 2000, S.A.S., domiciled in Perpignan (France), is engaged in the sale of spare parts for swimming-pools; the purchase and sale of swimming-pool equipment and used water systems; the sale, distribution, marketing, repair and maintenance of swimming-pool equipment, gardening, irrigation and water treatment; and technical advice to swimming-pool and water professionals.

(Continued)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint-ventures directly or indirectly owned

- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.

- Poolweb, SAS, domiciled in Lyon (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.

- Price Chemicals PTY LTD, domiciled in Melbourne (Australia) is engaged in the production and distribution of chemical products for swimming-pools and spas. It imports and locally produces its own brands of renowned chemical products in both the residential and commercial markets.

- Productes Elastomers, S.A., domiciled in Sant Joan Les Fonts (Girona, Spain), is engaged in the manufacture of rubber molded parts, as well as all types of natural and synthetic rubber; the execution and development of techniques for the maintenance of pressure rollers; their repair and trueing; and in general, the production, manufacture and processing of all types of rubber and plastic products.

- Riiot Labs NV/SA, domiciled in Seraing (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.

- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.

- SET Energietechnick GMBH, domiciled in Hemmingen (Germany), is mainly engaged in the distribution and sale of dehumidifiers and fans.

- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.

- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria, Spain), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.

- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.

- Trace Logistics, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading duties and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.

- Turcat Polyester Sanayi Ve Ticaret A.S., domiciled in Istanbul (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.

(Continued)

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Unistral Recambios, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in the manufacture, purchase and sale and distribution of machinery, accessories, spare parts, parts and products for water treatment and purification in general.

- U.S. Pool Holdings, Inc, domiciled in Delaware (USA), is engaged in the holding and use of equity shares and securities.

- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.

- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd,. domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.

- Zodiac International, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Care Europe, S.A.S., domiciled in Bron (France), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Care South Africa (Propietary) Limited, domiciled in Centurion (South Africa), is engaged in the manufacture, distribution and sale of pool equipment and products and chemical specialties.

- Zodiac Pool Deutschland GMBH., domiciled in Brobostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Solutions, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Systems Canada, INC, domiciled in Vancouver (Canada), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.

- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.

- ZPES Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- ZPNA Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

Associates consolidated using the equity method

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.

- OCM Products Limited, domiciled in Wigan (England), is mainly engaged in the production and marketing of swimming-pool filtering products in both the residential and commercial markets.

(Continued)

Fluidra, S.A. and subsidiaries

Subsidiaries
31 December 2019

List of subsidiaries accounted for using the full consolidation method

	% Ownership interest Direct	Indirect	
FLUIRA FINCO, S.L.	**100%**		
FLUIDRA COMMERCIAL, S.A.U.		**100%**	
AO ASTRAL SNG		90%	
ASTRAL AQUADESIGN Limited Liability Company		58.50%	(4)
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%	
ASTRAL INDIA PRIVATE, LIMITED		100%	
FLUIDRA INDIA PRIVATE LIMITED		100%	
ASTRALPOOL CYPRUS, LTD		90%	
ASTRALPOOL HONGKONG, CO., LIMITED		100%	
FLUIDRA SWITZERLAND, S.A.		100%	
ASTRALPOOL UK LIMITED		100%	
CEPEX MEXICO, S.A. DE C.V.		100%	
CERTIKIN INTERNATIONAL, LIMITED		100%	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED		100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%	
FLUIDRA ADRIATIC D.O.O.		100%	
FLUIDRA BALKANS JSC		61.16%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA		100%	
VEICO. COM. BR INDÚSTRIA E COMÉRCIO LTDA		100%	
FLUIDRA CHILE, S.A.		100%	
FLUIDRA COLOMBIA, S.A.S		100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%	(2) / Merged with Zodiac Pool Ibérica, S.L.
FLUIDRA DANMARK A/S		100%	
FLUIDRA DEUTSCHLAND GmbH		100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%	
W.I.T. EGYPT, Egyptian Limited Liability Company		89.99%	
FLUIDRA ENGINEERING SERVICES, S.L.U.		100%	
FLUIDRA EXPORT, S.A.U.		100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100%	
FLUIDRA HELLAS, S.A.		86.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100%	
ZODIAC POOL CARE SOUTH AFRICA (PROPIETARY) LIMITED		100%	
FLUIDRA WATERLINX PTY, LTD		100%	(2)
FLUIDRA INDONESIA PT.		100%	
FLUIDRA JV YOULI, S.L.U.		100%	
FLUIDRA KAZAKHSTAN Limited Liability Company		51%	
FLUIDRA MAGYARORSZÁG Kft.		95%	
FLUIDRA MALAYSIA SDN.BHD.		100%	
FLUIDRA MAROC, S.A.R.L.		90%	
FLUIDRA MEXICO, S.A. DE C.V.		100%	
FLUIDRA MIDDLE EAST FZE		100%	
FLUIDRA AL URDOUN FZ		70%	
LA TIENDA SWIMMING POOL MAINTENANCE LLC		80%	
FLUIDRA MONTENEGRO DOO		60%	
FLUIDRA ÖSTERREICH Gmbh "SSA"		98.5%	
FLUIDRA POLSKA, SP. Z.O.O.		100%	

Fluidra, S.A. and subsidiaries

Subsidiaries
31 December 2019

FLUIDRA COMERCIAL PORTUGAL UNIPESSOAL, LDA.	100%	Merged with Zodiac Pool Care Portugal Unipessoal, LDA
FLUIDRA ROMANIA S.A.	66.66%	
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%	
FLUIDRA SERVICES ITALIA, S.R.L.	100%	
FLUIDRA COMMERCIALE ITALIA, S.P.A.	100%	Merged with Zodiac Pool Systems Italia, S.R.L.
AGRISILOS, S.R.L.	90%	(3) - 100%
LAGHETTO FRANCE, S.A.R.L.	90%	(3) - 100%
FLUIDRA SINGAPORE, PTE LTD	100%	
FLUIDRA SOUTH AFRICA (PTY) LTD	100%	
FLUIDRA NORDIC AB	100%	
FLUIDRA (THAILAND) CO, LTD	100%	
ASTRALPOOL (THAILAND) CO., LTD	99%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	25.50%	
FLUIDRA VIETNAM LTD	100%	
RIIOT LABS NV/SA	90%	(3) - 100%
SIBO FLUIDRA NETHERLANDS B.V.	70%	(3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%	
ZODIAC POOL DEUTSCHLAND GMBH	100%	
SET ENERCIETECHNICK GMBH	100%	
FLUIDRA HOLDINGS AUSTRALIA PTY LTD	100%	Previously Zodiac Pool Solutions Pty Ltd
FLUIDRA GROUP AUSTRALIA PTY LTD	100%	Previously Zodiac Group Australia Pty Ltd
FLUIDRA (N.Z.) LIMITED	100%	Previously Zodiac Group (N.Z.) Limited
FLUIDRA AUSTRALIA PTY LTD	100%	(2)
PRICE CHEMICALS PTY LTD	100%	
FLUIDRA TUNISIE, SARL	100%	
FLUIDRA BH D.O.O. BIJELJINA	60%	(4)
UNISTRAL RECAMBIOS, S.A.U.	100%	
FLUIDRA INDUSTRY ESPAÑA, S.A.U.	100%	
CEPEX S.A.U.	100%	
METALAST, S.A.U.	100%	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD	100%	
POLTANK, S.A.U.	100%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	50%	
SACOPA, S.A.U.	100%	
I.D. ELECTROQUÍMICA, S.L.	21.18%	
FLUIDRA INDUSTRY S.A.U.	**100%**	
I.D. ELECTROQUÍMICA, S.L.	78.82%	
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%	
INQUIDE, S.A.U.	100%	
LOITECH (NINGBO) HEATING EQUIPMENT CO., Ltd	100%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD	70%	
PRODUCTES ELASTOMERS, S.A.	70%	
TALLERES DEL AGUA, S.L.U.	100%	
TOGAMA, S.A.U.	100%	

Fluidra, S.A. and subsidiaries

Subsidiaries
31 December 2019

U.S. POOL HOLDINGS, INC	100%	
AQUA PRODUCTS INC	100%	
FLUIDRA USA, INC	100%	
FLUIDRA PROJECTS USA INC	100%	
MANUFACTURAS GRE, S.A.U.	**100%**	
ME 2000, S.R.L.	100%	
TRACE LOGISTICS, S.A.U.	**100%**	
FLUIDRA SERVICES ESPAÑA, S.L.U.	**100%**	
INNODRIP, S.L.U	**100%**	
PISCINE LUXEMBOURG HOLDINGS 3, S.A.R.L.	**100%**	Merged with Zodiac Pool Solutions, S.A.R.L.
ZPNA HOLDINGS SAS	100%	
ZODIAC POOL SOLUTIONS LLC	100%	
ZODIAC POOL SYSTEMS CANADA INC	100%	
ZODIAC POOL SYSTEMS LLC	100%	
COVER POOLS INCORPORATED	100%	
FLUIDRA LATAM EXPORT LLC	100%	(4)
ZPES HOLDINGS SAS	84.85%	
ZODIAC POOL SOLUTIONS SAS	84.85%	
ZODIAC POOL CARE EUROPE SAS	84.85%	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD	84.85%	
ZODIAC INTERNATIONAL SAS	84.85%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	84.85%	
FLUIDRA ASSISTANCE, S.A.S.	84.85%	
FLUIDRA BELGIQUE, S.R.L.	84.85%	
POOLWEB S.A.S.	84.85%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	84.85%	
PISCINES TECHNIQUES 2000, S.A.S.	84.85%	
FLUIDRA SERVICES FRANCE, S.A.S.	**100%**	
ZPES HOLDINGS SAS	15.15%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	15.15%	
FLUIDRA ASSISTANCE, S.A.S.	15.15%	
FLUIDRA BELGIQUE, S.R.L.	15.15%	
POOLWEB S.A.S.	15.15%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	15.15%	
PISCINES TECHNIQUES 2000, S.A.S.	15.15%	
ZODIAC POOL SOLUTIONS SAS	15.15%	
ZODIAC POOL CARE EUROPE SAS	15.15%	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD	15.15%	
ZODIAC INTERNATIONAL SAS	15.15%	

Fluidra, S.A. and subsidiaries

Subsidiaries
31 December 2019

List of associates consolidated using the equity method

ASTRAL NIGERIA, LTD.	25%	(1)
OCM PRODUCTS LIMITED	50%	(1)

List of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11%	(1)

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.
(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the share capital of Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investsments Pty Ltd, Hurlcon Research Pty Ltd, and Hendy Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent fully owns the share capital of Ideal Pool Innovations, S.L.U. and holds an ownership interest of 67.5% in the company Tecnical Pool Service, S.L. Fluidra Waterlinx Pty Ltd is a group of companies in which the parent fully owns the share capital of Waterlinx Industrial And Irrigation Pty Ltd.
(3) Companies that have been fully integrated into the consolidated financial statements and the book value of non-controlling interest has no longer been recognised.
(4) Newly-incorporated companies in 2019.
(5) In 2019, Aquatron Robotic Technology LTD and Puralia Systems, S.L.U. were sold.
(6) In 2019, Astralpool México, S.A. de C.V. and Fluidra Youli Fluid Systems (Wenzhou) Co. Ltd. were wound up.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the year ended 31 December 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Sales to third parties	892,401	404,062	70,995	92	-	1,367,550
Sales to third parties in USA	6,897	379,371	7,552	-	-	393,820
Sales to third parties in Spain	142,984	3	30,418	-	-	173,405
Sales to third parties in France	166,605	-	5,266	-	-	171,871
Inter-segment sales	71,367	21,601	370,441	-	(463,409)	-
Segment sales of goods and finished products	963,768	425,663	441,436	92	(463,409)	1,367,550
COGS	(625,772)	(218,343)	(284,777)	-	462,870	(666,022)
Gross margin	337,996	207,320	156,659	92	(539)	701,528
OPEX	(222,453)	(133,028)	(90,920)	336,956	(382,571)	(492,016)
Adjustments due to impairment of receivables	(3,593)	106	(107)	(114)	(516)	(4,224)
Depreciation and amortisation expenses and impairment losses	(26,582)	(16,870)	(15,203)	(46,352)	(24,755)	(129,762)
Operating profit/(loss) from reporting segments	85,368	57,528	50,429	290,582	(408,381)	75,526
Share in profit/(loss) of associates	-	-	-	-	-	-
EBITDA	111,950	74,398	65,632	336.934	(383.626)	205.288

OPEX = Personnel expense + Other operating costs — Income from the rendering of services — Work performed by the Group and capitalised as non-current assets — Profit/(loss) from sales of fixed assets — Adjustments due to impairment of receivables.

COGS = Changes in inventories of finished goods and work in progress and raw material supplies

Fluidra, S.A. and Subsidiaries

Details of segment results
for the year ended 31 December 2018
(Expressed in thousands of euros)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
Sales to third parties	763,833	190,620	75,004	184	-	1,029,641
Sales to third parties in USA	5,931	184,026	13,158	-	-	203,115
Sales to third parties in Spain	131,321	-	27,599	-	-	158,920
Sales to third parties in France	125,071	-	4,637	-	-	129,708
Inter-segment sales	40,266	5,597	326,759	-	(372,622)	-
Segment sales of goods and finished products	804,099	196,217	401,763	184	(372,622)	1,029,641
COGS	(528,540)	(94,192)	(257,017)	-	341,499	(538,250)
Gross margin	275,559	102,025	144,746	184	(31,123)	491,391
OPEX	(206,420)	(67,444)	(93,528)	(77,521)	22,156	(422,757)
Adjustments due to impairment of receivables	(2,816)	(208)	19	(85)	(246)	(3,336)
Depreciation and amortisation expenses and impairment losses	(10,270)	(5,921)	(11,698)	(7,480)	(31,358)	(66,727)
Operating profit/(loss) from reporting segments	56,053	28,452	39,539	(84,902)	(40,571)	(1,429)
Share in profit/(loss) of associates	-	-	-	-	64	64
EBITDA	92,682	36,498	58,547	(59,828)	(62,537)	65,362

OPEX = Personnel expense + Other operating costs — Income from the rendering of services — Work performed by the Group and capitalised as non-current assets — Profit/(loss) from sales of fixed assets — Adjustments due to impairment of receivables.

COGS = Changes in inventories of finished goods and work in progress and raw material supplies.

This appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the years ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the year ended 31 December 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
NON-CURRENT ASSETS						
Property, plant and equipment	32,417	21,464	53,855	10,651	1,589	119,976
Property, plant and equipment in Spain	5,363	-	50,919	10,458	-	66,740
NWC	196,206	78,100	52,930	(16,166)	(28,418)	282,652
Inventories	132,290	58,370	88,963	-	(20,152)	259,471
Trade and other receivables	152,520	132,434	15,631	16,950	(2,790)	314,745
Trade and other payables	88,604	112,704	51,664	33,116	5,476	291,563

NWC = Inventories + Trade and other receivables – Trade and other payables

This appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the years ended 31 December 2019 and 2018 prepared in accordance with IFRS as adopted by the European Union

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the year ended 31 December 2018
(Expressed in thousands of euros)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments and Eliminations	Total consolidated figures
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
NON-CURRENT ASSETS						
Property, plant, and equipment	34,328	15,672	54,030	11,431	761	116,222
Property, plant and equipment in Spain	5,455	-	51,444	10,779	-	67,678
NWC	187,037	79,354	62,464	13,258	(24,449)	317,664
Inventories	131,282	55,094	86,554	-	(19,600)	253,330
Trade and other receivables	148,043	116,941	16,848	33,112	(2,874)	312,070
Trade and other payables	92,288	92,681	40,938	19,854	1,975	247,736

NWC = Inventories + Trade and other receivables – Trade and other payables

CONSOLIDATED DIRECTORS' REPORT

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

1. General business outlook

1.1. Business evolution and results

The Fluidra Group's turnover at the 2019 close amounts to Euros 1,367.6 million, which reflects a 32.8% increase in comparison with the prior year (+31.5% at a constant exchange rate).

In comparison with last year, all figures have been affected by the merger with the Zodiac Group and all headings in the income statement include the impact of this acquisition from 2 July 2018, as well as the expenses arising from the cost synergies linked to this merger. From the second half of the year onwards, turnover and profit/(loss) are comparable. In the first six months of the year, Fluidra posted turnover of Euros 753.2 million, reflecting a 67.3% rise compared to the prior year. In the second half of the year, Fluidra posted turnover of Euros 614.3 million, reflecting a 6% rise compared to the prior year.

In terms of sales by geographical area, growth in the US market is noteworthy with turnover increasing from Euros 203.1 million to Euros 393.8 million in 2019 due to the effect of the Zodiac Group's integration. The French market has also been affected by this acquisition, with turnover increasing from Euros 129.7 million to Euros 176.1 million. The Spanish market represents 12.7% of all the Group's sales, behind France (12.9%) and the US market (28.8%).

The evolution of turnover per business unit highlights the strong performance of the Pool&Wellness segment (+34.1%) driven by positive performance on almost all markets and the acquisition of Zodiac. Within the Pool&Wellness segment, there is solid growth in both Residential Pools (+43.4%) and Pool Water Treatment (+26.1%), where the presence of the Zodiac Group was smaller. The commercial pools segment shows growth of 4.4%, offset by strong growth in the first half of the year.

EBITDA was up by Euros 140 million, increasing from Euros 65.4 million last year to Euros 205.3 million this year.

The gross margin (defined as the difference between sales of goods and finished products less changes in inventories of finished goods and work in progress and raw material supplies divided by sales of goods and finished products) has increased from 47.7% last year to 51.3% this year. Last year's gross margin was affected by the inventory revaluation resulting from the allocation of Zodiac's purchase price. Without this effect, the gross margin would have increased to 50.8%.

Net operating expenses (sum of personnel expenses, other operating expenses net of income from services rendered, work performed by the Group and capitalised as non-current assets, profits from the sale of fixed assets and before changes in trading provisions) have increased by 16.4% as a result of the merger with the Zodiac Group and the expenses linked to obtaining synergies. The effect of IFRS 16 is also of note, with a positive impact in this heading in 2019 of Euros 24.6 million. If this latest effect is isolated, the increase in net operating expenses would have been 22.2%, far below the increase in sales.

Trading provisions have increased by Euros 0.8 million due to the integration of the Zodiac Group and increased turnover. This provision is 0.3% of sales, in line with last year, and a result of applying IFRS 9, assessing expected credit losses on a prospective basis.

In the Depreciation and amortization expenses and Impairment losses line, the increase of Euros 63.0 million as a result mainly of the amortization of intangible assets with finite useful lives identified in the allocation of the purchase price of the business combination with Zodiac, which total Euros 30.1 million in the first half of the year, is notable (Euros 60.8 million if we take the whole year into consideration). In addition, the new IFRS 16 standard has had an impact of Euros 22.5 million in 2019.

The finance cost has increased from Euros -27.6 million in 2018 to Euros -55.4 million in 2019 due to the increase in debt driven by the acquisition of the Zodiac Group in the second half of 2018 and the effect of the new IFRS 16 standard in 2019 with an impact of Euros 4.9 million.

Net profit/(loss) attributed to the Parent increases from losses of Euros 33.9 million last year to profit of Euros 8.3 million, due to the incorporation of the Zodiac business in the second half of 2018 and the increase in net operating expenses below sales. These positive effects are offset by the increase in depreciation and amortisation expenses and impairment losses on intangible assets with finite useful lives deriving from the business combination, and also the increase in debt arising from the acquisition of Zodiac in the second half of 2018.

In terms of the Group's consolidated balance sheet, it is important to note that all the figures are comparable. At the reporting date, net working capital has decreased by Euros 35 million, caused mainly by the increase in trade and other payables.

Investment in property, plant and equipment and other intangible assets has increased by Euros 9 million to Euros 47.6 million in 2019, as a full year has now passed since the integration of the Zodiac Group companies.

The new IFRS 16 standard has been applied for the first time this year with an impact of Euros 112.7 million on assets at the 2019 reporting date. Lease additions in the year total Euros 35.3 million, relating to a new plant in Tijuana, offices in Australia and the renegotiating of certain contracts.

Net financial debt has decreased from Euros 733.9 million (without taking into account Aquatron's cash surplus) to Euros 635.0 million, due to high cash generation during the year. It is also important to note the increase in liabilities amounting to Euros 121.8 million due to application of the new IFRS 16 standard.

1.2. Related-party transactions

A breakdown of information on third-party transactions is disclosed in note 31.

1.3. Treasury shares

Over 2019 the Company has carried out several purchase and sale transactions of treasury shares (937,600 shares purchased and 1,492,890 sold). The securities awarded under the long-term variable remuneration plan aimed at executive directors and the management team of Fluidra, S.A. and subsidiaries are included under disposals of treasury shares for the year. The plan ran from 1 January 2015 to 31 December 2018 and was settled during January 2019 (see note 31). At year end, the Company owned 1,581,398 treasury shares, which account for 0.81% of share capital and a cost of Euros 14,000 thousand.

1.4. Events after the reporting period

Refer to note 37.

FLUIDRA, S.A. AND SUBSIDIARIES

Non-Financial Information and Diversity Report

(Section 2 of the Consolidated Directors' Report)

Tuesday, December 31, 2019

(Together with the Independent Verification of Non-Financial Data)

TABLE OF CONTENTS

2 Non-Financial Information and Diversity Report

2.1 Independent Verification of Non-Financial Data

Verification Report v.0

About Non-financial Information

Of the company

FLUIDRA

According to Spanish Law 11/2018, 28th December

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

Índice

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

Chief Verifier: Eva Morales

Verifier team: -

Legal Representative of the verified company Eloy Planes Corts, CEO of FLUIDRA.

Verification date (in situ/remote): March 9,10,11,12,16, 17, 18 and 19, 2020

Date of presentation of the final company non-finantial report (and its version) March 24, 2020

1 Scope

1.1 Company's descripction

FLUIDRA, a multinational group that is listed on the Spanish stock exchange market, is a leading global company dedicated to the pool and wellness sector. FLUIDRA operates in more than 45 countries through its own subsidiaries. We have more than 135 commercial delegations and 30 production centers around the world. The activity of the FLUIDRA production centers includes:

• The injection of plastics to produce filters, pumps, skimmers, nozzles, sumps, irrigation systems and products for fluid handling.

• Lamination and winding in polyester resin and fiberglass for the manufacture of filters.

• Filter production through the thermostatic and rotomolding blowing technique.

• The processing of metal to work stainless steel and treated steel to produce stairs, Skypool and Inoxpool panels for the construction of swimming pools or wellness centers.

• Products for water treatment in swimming pool and wellness.

• Vitreous coating.

• Assembly of heat pumps and dehumidifiers

1.2 Scope and coverage of the verification

Scope and coverage of the verification	FLUIDRA activities detailed in annex 2
Verification period	2019
Justified exclusions	n/a
Framework / s used for the presentation of KPIs	GRI Standards

2 Results of the verification

It is concluded that the Report " FLUIDRA, S.A. Y SOCIEDADES DEPENDIENTES, Información no Financiera y Diversidad (Sección 2 del Informe de Gestión Consolidado), 31 de diciembre de 2019 "contains enough information to understand the evolution, results and the situation of the group and the impact of its activity on environmental, social issues, respect for human rights, fight against corruption and bribery, as well as regarding personnel including measures adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility.

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

The financial information included in this Report comes from FLUIDRA's annual accounts and other financial documentation, which has been reviewed by independent third parties (Ernst & Young). The conclusions of this report are about the non-financial information contained therein.

With regard to the indicators and information reviewed with a limited level of assurance, we have not observed any circumstances that indicate that the data included in the Report has not been obtained in a reliable manner, that the information is not adequately presented, or that there are significant deviations or omissions, except for the discrepancies detected due to the lack of evidence presented and not due to a difference in criteria with the company.

In view of the above, the opinion on the verification carried out is FAVOURABLE, with the exception of the discrepancies due to lack of evidence listed in Annex 1.

The conclusions presented in this report are valid for the latest version of the Non-Financial Statement Report received on 24/03/2020 and signed on 25/03/2020.

3 Final considerations

A Limited Assurance Level is defined as one in which the nature and extent of verification activities are designed to provide a reduced level of assurance in historical data and information. The risk of verification is higher than at the reasonable assurance level and the nature, dedication and extent of evidence collection is deliberately less, but maintains a useful level of assurance.

A material discrepancy is an omission, distortion or error that can be quantified and is more than 5% different from the total declared value.

The verification by the auditors does not exempt the organization from responsibility, compliance and constant attention to the requirements of the applicable legal requirements in force.

The verification responds to a sample work, based on ISO 2859-part 1, which is why a reduced level of assurance is guaranteed.

We have carried out our work in accordance with the independence standards required by the Code of Ethics of TÜV Rheinland Iberica Inspection, Certification and Testing, S.A.

All the information obtained during the verification will be treated with the strictest confidentiality by the audit team and the certification body.

This report is property of TÜVRheinland® and cannot be modified without its authorization

March 26, 2020	Eva Morales	Almudena Bouza	Santiago Carrete
Date	Chief Verifier	Technical Reviewer	Local Business Field Manager Systems

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

Annex 1: Details of the result of the verification carried out.

A. Discrepancies due to lack of evidence presented that could be material:

A1. In relation to KPI 305-7 "Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant emissions to air", it has not been possible to document the emissions of volatile organic compounds (VOCs) from Fluidra USA.

A2. In relation to KPI “301-2. Recycled supplies “, it has not been possible to document the consumption of Togama's recycled material.

A3. In relation to KPI “301-1. Materials used by weight or volume ", it has not been possible to document the material used by Talleres Agua, Trace, Piscines Technique.

A4. In relation to KPI “302-3. Energy intensity. The documentary evidence of the energy intensity of Talleres agua, Trace, Piscines Techniques has not been documented.

A5. In relation to KPI “305-1. Direct GHG emissions (scope 1) it has not been possible to document the consumption of heating oil from Poltank, Sacopa, Inquide.

A6. In relation to KPI “305-2. Indirect GHG emissions (scope 2) it has not been possible to document the CNMC GdO certificates corresponding to green energy.

A7. In relation to KPI “403-2. Types of accidents and frequency rates ". It has not been possible to document the incidents with loss and without loss for Metalast, Poltank, Cepex, Sacopa and Inquide.

A8. In relation to KPI “403-1. Representation of workers in formal worker and health company worker committees. It has not been possible to document documentary agreements requested from Metalast, Poltank, Cepex, Sacopa, Inquide to verify reported annual work hours.

A9. In relation to KPI "204-1, Proportion of spending on local suppliers". It was not possible to provide documentary evidence of the purchase invoices requested in the sampling.

B. Deviations or non-material nonconformities:

B1. In relation to the risks of climate change and KPI 201-2 (Financial implications and other risks and opportunities derived from climate change), there is a lack of information that refers to point v (the costs of the actions taken to manage the risk or opportunity) as requested by GRI.

B2. The comparability criterion is not met, since it is the first year that information is available for 100% of Fluidra's companies.

B3. Regarding the KPI "306-2 Waste by type and method of disposal", it has not been possible to provide documentary evidence for Fluidra Comercial regarding the management of non-hazardous waste.

B4. Information requested by the GRI 401-3 KPI is not included. D: The total number of employees who returned to work after terminating parental leave and who were still employed 12 months after returning to work, by sex.

B5. Information requested by the GRI 403-2 KPI is not included: information for employees broken down by: i. region; ii. sex. Nor do they include the types of accidents, the frequency rate of accidents, and deaths due to occupational accidents or diseases for all non-employed workers.

C. Opportunities for improvement:

C1. There is no comprehensive planning for monitoring plant safety, health and environmental risk assessments.

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

Annex 2: Scope of FLUIDRA

Society	Country	Activity
AGRISILOS S.R.L	Italy	Installation of high standing pools
AQUA PRODUCTS, INC	USA	Assembly of robots
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	Czech Republic	Commercial
ASTRAL INDIA PVT, LTD.	India	Commercial
ASTRAL POOL CYPRUS, LTD	Cyprus	Commercial
ASTRAL POOL HONGKONG, CO. LIMITED	China	Commercial
ASTRAL POOL SWITZERLAND, S.A.	Switzerland	Commercial
ASTRALPOOL UK LIMITED	UK	Commercial
CEPEX, S.A.U.	Spain	Plastic Injection
CERTIKIN INTERNATIONAL, LTD	UK	Liner manufacturing
CERTIKIN SWIMING POOL PRODUCTS INDIA PRIVATED LTD	India	Commercial
COVER - POOLS INCORPORATED	USA	Manufactures of covers for swimming pool
FLUIDRA (NZ) LIMITED	New Zealand	Commercial
FLUIDRA ADRIATIC D.O.O.	Croatia	Commercial
FLUIDRA ASSISTANCE, S.A.S.	France	Commercial
FLUIDRA BALKANS JSC	Bulgary	Commercial
FLUIDRA BELGIQUE, S.R.L.	Belgium	Commercial
FLUIDRA BH DOO	Bosnia and Herzegovina	Commercial
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA	Brasil	Plastic injection, pump assembly, commercial
FLUIDRA CHILE, S.A.	Chile	Commercial
FLUIDRA COLOMBIA, S.A.S.	Colombia	Commercial
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	Spain	Commercial
FLUIDRA COMERCIAL PORTUGAL, LDA	Portugal	Commercial
FLUIDRA COMMERCIAL FRANCE S.A.S.	France	Commercial
FLUIDRA COMMERCIALE ITALIA S.P.A.	Italia	Commercial
FLUIDRA DANMARK, A/S	Denmark	Commercial
FLUIDRA DEUTSCHLAND, GMBH	Germany	Manufacture of liners and covers
FLUIDRA EGYPT, EGYPTIAN LIMITED LIABILITY COMPANY	Egypt	Commercial
FLUIDRA ENGINEERING SERVICES, S.L.U.	Spain	Design and project management
FLUIDRA EXPORT, S.A.U.	Spain	Management (office)
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.	Spain	Management (office)

FLUIDRA GROUP AUSTRALIA PTY LTD	Australia	Plastic injection, pump assembly, filter assembly, Chlorine tablet packaging
FLUIDRA HELLAS SA	Greece	Commercial
FLUIDRA INDIA PRIVATE LIMITED	India	Commercial
FLUIDRA INDONESIA PT	Indonesia	Commercial
FLUIDRA INDUSTRY FRANCE S.A.R.L.	France	Manufactures of covers for swimming pool
FLUIDRA KAZAKHSTAN LIMITED LIABILITY COMPANY	Kazajistán	Commercial
FLUIDRA MAGYARORSZAG KFT.	Hungary	Commercial
FLUIDRA MALAYSIA SDN BHD	Malasia	Commercial
FLUIDRA MAROC S.A.R.L	Morocco	Commercial
FLUIDRA MEXICO, S.A. DE C.V.	México	Commercial
FLUIDRA MIDDLE EAST FZE	Dubai	Commercial
FLUIDRA MONTENEGRO D.O.O.	Montenegro	Commercial
FLUIDRA NORDIC AB (Fluidra Sverige AB)	Sweden	Commercial
FLUIDRA POLSKA SP.Z O.O.	Poland	Commercial
FLUIDRA ROMANIA S.A	Romania	Commercial
FLUIDRA SA	Spain	Management (office)
FLUIDRA SERBICA D.O.O. BEOGRAD	Serbia	Co Commercial mercial
FLUIDRA SERVICES ESPAÑA, S.L.U.	Spain	Management (office)
FLUIDRA SERVICES FRANCE, S.A.S.	France	Management (office)
FLUIDRA SINGAPORE PTE LTD	Singapur	Commercial
FLUIDRA -THAILANDCO, LTD.	Thailandia	Commercial
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	Turkey	Production of polyester tanks
FLUIDRA TUNISIE, S.A.R.L.	Tunisia	Commercial
FLUIDRA USA LLC	USA	Production of polyester tanks
FLUIDRA VIETNAM, LTD	Vietman	Commercial
FLUIDRA WATERLINX PTY LTD	South Africa	Plastic injection, pump assembly, chemical handling
I.D. ELECTROQUÍMICA, S.L.	Spain	Assembly of electrolysis elements
INDUSTRIAS MECANICAS LAGO, S.A.U.	Spain	Assembly of pumps for swimming pool
INNODRIP, S.L.U.	Spain	Management (office)
INQUIDE, S.A.U.	Spain	Manufacturing and packaging of tablets and liquid chlorine
MANUFACTURAS GRE, S.A.U.	Spain	Consumer pool manufacturing
METALAST, S.A.U.	Spain	Metal manufacturing and assembly of swimming pool pumps
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENTS CO. LTD	China	Plastic injection

Client	Verification period
FLUIDRA –Exp. Nº 00/190015	2019

NINGBO LINYA SWIMMING P&W TREATMENT CO.,LTD	China	Manufacture of filters and assembly of swimming pool pumps
PISCINES THECNIQUES 2000, S.A.S.	France	Commercial
POLTANK, S.A.U.	Spain	Production of polyester tanks
POOLWEB	France	Commercial
PRODUCTES ELASTOMERS, S.A.	Spain	Production of elastomeric seals
PURALIA SYSTEMS, S.L.	Spain	Commercial
RIIOT LABS NV/SA	Belgium	Connectivity technology
SACOPA, S.A.U.	Spain	Plastic injection
SET ENERGIETECHNICK GMBH	Germany	Heat pump assembly
SIBO FLUIDRA NETHERLANDS B.V.	Holland	Commercial
SSA FLUIDRA OSTERREICH GMBH	Austria	Commercial
TALLERES DEL AGUA, S.L.	Spain	Heat pump assembly
TECHNICAL POOL SERVICE, S.L.	Spain	Management (office)
TOGAMA, S.A.	Spain	Ceramic glass production
TRACE LOGISTIC, S.A.U.	Spain	Logistics warehouse
UNISTRAL RECAMBIOS, S.A.U.	Spain	Replacement packaging
YA SHI TU SWIMMING PL EQUIP. -SHANGHAICO. LTD.	China	Management (office)
ZAO ASTRAL SNG	Rusia	Commercial
ZODIAC POOL CARE EUROPE SAS	France	Management (office)
ZODIAC POOL DEUTSCHLAND GMBH	Germany	Management (office)
ZODIAC POOL SOLUTIONS LLC	USA	Management (office)
ZODIAC POOL SOLUTIONS SAS	France	Management (office)
ZODIAC POOL SYSTEMS CANADA	Canada	Management (office)
ZODIAC POOL SYSTEMS LLC	USA	Management (office)
ZODIAC SWIMMING POOL EQUIPMENT (SHENZHEN), CO LTD	China	Management (office)

FLUIDRA, S.A. AND SUBSIDIARIES

Non-Financial Information and Diversity Report

(Section 2 of the Consolidated Directors' Report)

Tuesday, December 31, 2019

(Together with the Independent Verification of Non-Financial Data)

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2 Non-Financial Information and Diversity Report

2.1 Independent Verification of Non-Financial Data

2.2 Document framework

[Ref. GRI 102-10, 102-45, 102-50]

This Non-Financial Information and Diversity Report for Fluidra, S.A. and its subsidiaries is part of the Consolidated Directors' Report for the 2019 fiscal year, as required by Law 11/2018 of December 28 which amended the Commercial Code, the recast text of the Capital Companies Act approved by Legislative Royal Decree 1/2010 of July 2, and the Auditing Act Law 22/2015 of July 20 as they relate to non-financial information and diversity.

The information on non-financial key indicators in this document adheres to guidelines of the *Global Reporting Initiative (GRI)* and its *Sustainability Reporting Standards* for all data specified in the law as mandatory.

One difference in 2019 compared to last year is that under the heading of environmental indicators that we achieved **100%** representativeness of the consolidated turnover one year before scheduled. When comparing this year's non-financial key indicators with those of prior years, it should be noted that the information is not entirely comparable since this is the first year that we have achieved 100% coverage following the merger with the Zodiac Group.

2.3 Brief description of the business model:

[Ref. GRI 102-2, 102-6]

Fluidra is the global industry leader in swimming pools and wellness. Focused on the development of innovative products and solutions, we are present in 46 countries with sales offices and production centers on all continents. Following the merger with Zodiac, at the end of 2019 Fluidra had more than 5,300 employees. Our extensive product range includes six of the top ten brands in the sector: Jandy®, AstralPool®, Polaris®, Cepex®, Zodiac®, CTX Professional® and Gre®. Fluidra's stock trades on the Spanish Stock Exchange with a market capitalization in excess of €2.3 billion at the end of 2019, 25% higher than the end of 2018.

Fluidra's global business is divided into two different areas:

NA (North America, including the US and Canada) represents 49% of the world swimming pool market which, in terms of dollar amount, represents €3.5 billion out of a global market worth €7.1 billion. It is a consolidated and resilient market with a cumulative growth rate of around 5% since 2014. The residential market accounts for 75% of the total.

ESA (Europe, Middle East/India, North Africa and Latin America) has a unique, vertically integrated business model, with its own internal R&D, department, production centers, logistics operators, sales and distribution. In Europe's developed markets, residential swimming pools account for the largest part. Recurring business for installed pools represents 68% of sales, with new construction still below pre-crisis levels, although higher than 2009 volumes.

Australia and South Africa have very similar market and environmental conditions. Both markets are predominantly residential in nature with significant potential for growth in the commercial sector. Asia has a balanced portfolio of sales between residential and commercial.

As part of its Strategic Plan, Fluidra will take a four-pronged approach to continue generating value for its stakeholders:

1. Accelerating growth in North America.
2. Strengthening the platform in Europe and the southern hemisphere.
3. Increasing sales of commercial swimming pools in emerging markets.

4. Improving margins through operational excellence and integration synergies.

With these goals in mind, the company has set an annual sales growth target of 5% to 8%, which translates into approximately €1.7 billion in sales and more than €350 million in EBITDA1in 2022.

Looking to the future, the sector is structurally attractive, with growth that could possibly double GDP rates. Fluidra leads the sector of connected swimming pools that use Internet-based remote control systems, with exceptionally strong year-on-year increases.

2.4 Corporate Responsibility Policy

[Ref. GRI 102-16, 102-40, 102-42]

Following the complete integration with Zodiac, the Corporate Social Responsibility policies were redefined based on Fluidra's new mission and values.

MISSION: **TO CREATE THE PERFECT POOL AND WELLNESS EXPERIENCE**

The mission is passed on to our stakeholders, who are crucial to the development of the company's mission and the organization's Corporate Social Responsibility:

a) *End Users*: We create the perfect pool and wellness experience for your well-being and enjoyment.

b) *Employees*: We provide an excellent environment where employees can develop their full potential and be recognized.

c) *Customers*: We help you grow your business by providing quality products and innovative services.

d) *Suppliers*: We develop strong partnerships through innovation, quality, service and cost control.

e) *Shareholders*: We create value in an ethical business and financial environment.

f) *Planet and Society*: We are committed to using sustainable products and practices to protect the future of the next generations.

VALUES:

Customer Cooperation: We create value for our users and customers.

Excellence and Innovation: We strive to continually improve and be the best we can be.

Learn and adapt: We have an open, flexible and positive attitude.

Teamwork 1+1>2: We are humble and inclusive.

Honesty and trust: We are honest, transparent and accessible.

Passion for success: We are committed, responsible and consistent.

[1] *Estimated data according to the definition in the company's earnings reports (does not include share-based payments or gains/losses on the divestment of subsidiaries)*

2.5 Materiality in Fluidra

[Ref. GRI 102-47, 102-43, 103-1]

Materiality in the new Fluidra is based on the Company's mission, which has been communicated to its stakeholders. The relationship with them and their expectations, together with the internal needs for economic growth, define management policies and the measurement of results.

The second half of 2019 saw the continuation of the Materiality Study that began in 2018 to secure and strengthen the most important aspects. The new Materiality Study, in which information was requested from both internal and external stakeholders, yielded the following results:

Most relevant aspects:

HS	Customer health and safety
GO	Governance
HR	Human rights
NO	Environmental compliance
AC	Anti-corruption policies
DD	Due diligence
IN	Product innovation
SR	Staff remuneration

Relevant aspects:

UC	Unfair competition
CS	External transparency
PP	Procurement practices
ST	Health and safety at work
CP	Customer Privacy
EE	Energy and Emissions
TE	Training and education
DE	Diversity and equality
OF	Economic performance
EM	Employment
MA	Materials
MK	Marketing and labeling

FA	Freedom of association and negotiation
EW	Effluents and waste
AC	Life cycle analysis
CL	Local communities
AE	Water and effluents

2.6 New ESG Master Plan for 2020-2026

[Ref. GRI 102-31]

The new ESG Master Plan for the next 5 years was drafted in the second half of 2019 based on the results of the Materiality Study. A special committee was formed, led by the Group's CEO and two directors to monitor the project with the aim of aligning the actions with the business strategy for the next 5 years and positioning Fluidra as a sustainable leader in the swimming pool industry.

The Plan defines 5 dimensions and 5 priority objectives, with specific actions for the achievement of each one.

DIMENSIONS	**OBJECTIVES**
Responsible governance	Make sustainability part of the corporate strategy by integrating ESG risks and increasing transparency
Environmental action	Reduce the corporate carbon footprint and manage our own environmental impacts and those of our subcontractors
Responsible production	Integrate the circular economy into the finished product
Human capital and development	Guarantee the rights of all workers and promote equality, diversity and inclusion.
Commitment to the community	Participate in projects that promote the development of communities based on the use and enjoyment of water.

2.7 Health, Safety and Environmental Policy

[Ref. GRI 102-11]

The health and safety of Fluidra's employees is a priority for the company. The quality, safety and environmental policies of the member companies of the Group place special emphasis on the prevention of risks in the workplace. The new HSE Policy (Health, Safety and Environment) was published in 2019.

We care about the health and safety of our employees

- We promote programs to maintain and improve the health and well-being of our employees, for example, by providing smoke-free workplaces around the world.
- Employees are encouraged to take advantage of voluntary health programs and to adopt healthy behaviors such as
  - exercising regularly
  - choosing healthy food
  - getting regular check-ups
- We offer our employees safe working conditions and strive to protect them from potential health hazards. Before doing any potentially dangerous work, a risk assessment and analysis of the processes and the workplace must be carried out.
- Management is responsible for facilitating risk assessments and developing protective measures, in cooperation with employees. Employees must be aware of local safety requirements, respect them and comply with them. For example:
  - use appropriate personal protective equipment, where necessary;
  - respect safety alarms and warning signs;
  - take part in observation and training programs, e.g. mandatory local safety training, driver safety training and behavioral safety programs;
  - report unsafe conduct and conditions and safety risks.
- Employees are expected to be aware of what their co-workers are doing and report any unsafe behavior.

Aware of the importance of protecting the environment, Fluidra has made a commitment in its corporate guidelines and in its own values and principles, to promote the responsible use of water and the application of strict sustainability and efficiency criteria in developing, manufacturing, marketing and maintaining its products and services:

We strive to use natural resources responsibly so as to minimize the environmental impact of our activities and the negative effects of our products throughout their life cycles. This includes maximizing energy efficiency in our operations as part of our overall climate change strategy and using sustainable materials and green chemistry in our research, development and manufacturing activities whenever possible

Employees are expected to work together to minimize environmental impact in their daily work, which includes applying the hierarchy of waste prevention measures (avoid, reduce, recycle and re-use all materials). Here are some examples:

Efficient use of energy

- Employees should always consider the most efficient use of energy and look for opportunities to reduce energy consumption in their workplace. This includes turning off lights and laboratory/office equipment when not in use.
- Quality and facilities managers should consider the most efficient use of energy, within the acceptable ranges according to regulatory or compliance standards.
- Projects are reviewed for energy efficiency and renewable energy use. Preference is given to investment projects with enhanced energy efficiency that can be amortized over the duration of the project.

Reduction of greenhouse gas emissions

- Employees should minimize travel wherever possible and choose video or teleconferencing options, where available and appropriate.
- The sales force should choose cars that are more fuel efficient and drive them safely and ecologically to save fuel and minimize CO_2 emissions.

Recycling or minimizing waste.

- Employees should avoid producing waste and use recycling options, provided that there are local recycling systems in place. They should consider the environment before printing emails, email attachments or other work documents.
- Process developers should incorporate techniques to reduce and recycle materials.
- Production employees should seek opportunities to reduce intermediaries and active ingredients in wastewater discharge.

Efficient use of water

- Employees should always consider the best use of water and identify possibilities for reducing water usage in the workplace.

2.8 Code of Ethics and Crime Prevention Model

|GRI ref. 102.12, 102.13, 102.16, 205.1, 205.2, 205.3

The Compliance Department, which reports to the Audit Committee, and Internal Audit together aim to foster a culture of business ethics and develop internal mechanisms for the prevention, management and control of risks associated with regulatory non-compliance.

The function of the Compliance Coordinating Committee is to advise the Compliance Department in relation to preventing and responding to crimes and breaches of Fluidra's Code of Ethics, and to promote, coordinate and cooperate on developing and/or updating procedures and policies.

The internal policies, standards and procedures define and specify the conduct that is expected of the employees of the Fluidra group. Throughout the 2019 fiscal year, Fluidra continued to work on adapting its internal corpus of regulations in order to fulfill its commitment to good corporate governance and the continuous improvement of the regulatory compliance management system.

The two ethical pillars supporting the Fluidra organization are the Code of Ethics and the Code of Ethics for Suppliers. The first one inspires and defines the daily conduct of all company employees, while the second serves as a guide to social responsibility and sustainability in the supply chain. Both management tools are based on the ten principles of the United Nations Global Compact as well as international best practices.

The Code of Ethics is a reflection of the values and principles that should guide the conduct of all Fluidra employees. It was created internally in 2008 and updated in 2019 to reflect Fluidra’s mission and values, among other things. The new Code of Ethics is the highest ranking regulatory instrument in the company's regulatory structure.

The updated Code of Ethics applies to the entire Fluidra Group and aims to raise the company's awareness of the importance of regulatory compliance and business ethics.

It is binding on all Group staff and management, regardless of position or function (including administrative bodies, management positions and other control bodies). In addition to compliance with the law, it strives to guarantee ethical and responsible behavior. All employees are required to complete online and in-person training, which is scheduled to be completed by the end of the first half of 2020.

The Code of Ethics neither substitutes nor cancels the applicable legislation of each country, or the international community, in matters of administrative, civil, criminal, employment or commercial law, nor internal company regulations or collective bargaining agreements that may apply.

Fluidra's main weapon against corruption, bribery and money laundering is the Anti-Corruption Policy approved by the Board of Directors in 2016, as part of the crime prevention model structure.

The Anti-Corruption Policy approved by the Board is published on the Intranet and is accessible to the entire organization. Understanding and being trained in this Policy is an important component of business ethics at Fluidra. Because of the merger with Zodiac everyone has to adapt to the new situation, which is why the Policy will be reviewed and updated throughout 2020, with specialized training in this area.

No instances of corruption or bribery were detected or confirmed as a result of monitoring and evaluating such risks in 2019.

2.9 Equality Policy

[Ref. GRI 102-16]

Equal opportunities between different groups and persons form the bedrock of Fluidra's human resources management policy. It is to be implemented across the board in each of the company's units.

The main goal of the Equality and Diversity Policy is to ensure that all individuals have the same opportunities for joining our organization, making contributions to it and being promoted in line with the principles and values established by the Group.

<u>Gender equality</u>

The principle of equal opportunities for women and men implies a total absence of discrimination, whether direct or indirect, for reasons of gender and, in particular, those derived from maternity, family responsibilities taken on by women and marital status.

Based on this principle, Fluidra's goals in gender equality matters are as follows:

a) To promote a corporate culture based on equal treatment so that men and women have the same opportunities for accessing jobs and training, are given the same promotion prospects and salaries, and in general enjoy the same working conditions, by focusing our human resources policies on the attainment of this goal.

b) To adopt specific measures that favor women when there are clear cases of inequality with regard to men.

c) To boost the number of women on the Board of Directors and in senior management positions, and in other areas of the company where they may be underrepresented. In the selection processes of board members and senior management, as well as of other professionals in the organization, Fluidra will take gender diversity into consideration in order to safeguard equal opportunities without contravening the main purposes of the selection process, such as taking on the person most suited to a post by applying objective criteria in terms of candidates' training, professional experience and qualifications. Gender or other forms of diversity should not constitute an obstacle in ensuring the efficient running of the Board of Directors and/or the management, sales, production and operational teams that successful candidates join.

d) To respect and act in accordance with the principles established in Fluidra's Code of Ethics related to equal opportunities and non-discrimination by remedying any actions that could lead to a breach in these principles. Any such breaches must be dealt with by the Committee for the Promotion of the Code of Ethics or any other body in the organization with the powers to take action.

e) To apply the principle of gender equality mainstreaming throughout the organization by ensuring that all corporate documentation is written using non-sexist language.

f) To implement work-life balance measures that allow employees returning from maternity or paternity leave to continue advancing professionally in keeping with their interests and the opportunities which the company is able to offer at the time.

g) To design equality programs that are adapted to the need of each company in the Group by setting specific targets and actions that promote equality in all workplaces.

h) To take part in external programs and/or projects that support equality between men and women by raising awareness and promoting participation throughout the organization.

<u>Integration of the disabled</u>

All the companies in the Group must facilitate the integration of the disabled. They must at all times fulfill the legislation in force on the hiring of the disabled by encouraging the incorporation of people from this group providing they are able to properly carry out the duties for which they have been hired.

The Fluidra’s goals for the social integration of the disabled are as follows:

a) To ensure that the workplaces of all Group companies are accessible to everyone by breaking down any physical barriers that may exist.

b) To promote a corporate culture based on equal treatment so that disabled persons have the same opportunities for accessing jobs and training, are given the same promotion prospects and salaries, and in general enjoy the same working conditions, by focusing our human resources policies on the attainment of this goal.

c) To take part in external programs and/or projects that support equality for the disabled by raising awareness and promoting participation throughout the organization.

d) To establish collaboration agreements with organizations and associations that work towards the inclusion of the disabled in the job market.

e) To make certain that all FLUIDRA companies and workplaces comply with the legislation in force on the hiring of disabled persons.

<u>Cultural Integration</u>

Socio-economic changes and the internationalization of Fluidra mean that we are increasingly working in multicultural teams and environments. This reality has led to the need to draw up a number of corporate goals that help us to facilitate the social, cultural and professional integration of employees from other countries.

a) To promote a corporate culture based on equal treatment so that immigrants have the same opportunities for accessing jobs and training, are given the same promotion prospects and salaries, and in general enjoy the same working conditions, by focusing our human resources policies on the attainment of this goal.

b) To provide all of the information and training needed by foreign employees to attain a satisfactory degree of social, cultural and professional integration by carrying out specific welcoming programs when necessary.

c) To take part in external programs and/or projects that support equality for immigrants by raising awareness and promoting participation throughout the organization.

2.10 Human Rights Policy

[Ref. GRI 102-16]

Fluidra joined the United Nations Global Compact in 2007 and has been a contributing partner since 2016. All of Fluidra's codes are based on the 10 principles.

1. To support and respect the protection of internationally proclaimed human rights.
2. To make sure that they are not complicit in human rights abuses.
3. To uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. To support the elimination of all forms of forced and compulsory labor.
5. To support the effective abolition of child labor.
6. To eliminate discrimination in respect of employment and occupation.
7. To take a precautionary approach to environmental challenges;.
8. To undertake initiatives to promote greater environmental responsibility.
9. To encourage the development and diffusion of environmentally friendly technologies.
10. To work against corruption in all its forms, including extortion and bribery.

2.11 Whistleblower Policy

[Ref. GRI 102-16, 102-17, 205-3, 406-1]

The Ethics Committee includes members from the Corporate Human Resources, Internal Audit and Legal departments. The Ethics Committee receives, examines and replies to questions, complaints and reports submitted by employees, customers, suppliers and other stakeholders. All requests and incident reports are strictly confidential, and the privacy of the parties involved is protected.

The Ethics Committee reports to the Audit Committee, a governing body that reports directly to the Board of Directors.

The Whistleblower Hotline is available on the corporate website, on Fluidra's intranet and by email at ethics@fluidra.com, and is accessible to all employees, customers, suppliers and other stakeholders. It is possible to ask questions, seek advice or report an incident using the online form or sending an email.

All communications are handled confidentially as the basis for making decisions and dealing with the people involved. To date, it has not been necessary to activate external mechanisms for advice on ethical and legal conduct, with the internal Legal, Tax and Compliance departments determining the guidelines to be followed in these matters.

Seven issues were raised through this channel in 2019. However, once analyzed and evaluated, they did not lead to human rights, corruption or discrimination claims.

2.12 Policy Results

All of these policies are monitored following the recommendations of the *Global Reporting Initiative* (GRI), preparing an annual Integrated Report on the results of these policies and other matters. The following sections of the document detail the results of the GRI indicators in each area.

2.13 Key Impacts, Risks and Opportunities

[Ref. GRI 102-11, 102-15, 201-2]

In its role as an advisory body to the Board of Directors, the Audit Committee is responsible for overseeing the management of Fluidra's business risks.

The risk management system works on a comprehensive and ongoing basis by consolidating it in subsidiaries and geographic areas, and by falling back on the departments that give support to corporate affairs. It includes the identification, analysis, measurement – by line of business and current environment – control and associated mitigation plans.

The Audit Committee's risk management functions include:

- To identify the different types of risk (strategic, operational, technological, financial, legal, reputational and unforeseen), including contingent liabilities and other off-balance sheet risks.
- Identify the measures established for the mitigation of identified risks, should they materialize.
- To check and monitor the Corporate Risk Map so that it can be used to identify, manage and follow up any risks that could have a significant impact on the Group's goals.

The various risks are identified and assessed following an analysis of events that could cause them. Risk assessments are conducted using metrics that calculate the probability and impact of risks. Controls that are already in place are chosen to mitigate them and additional action plans put in place of considered necessary. This process, which is conducted and coordinated annually by the Internal Audit department, enables the company to obtain its Risk Map. The most relevant risks are taken from this map and, together with the main variations as compared with the previous business year, are submitted to the Audit Committee for discussion and approval.

The levels of risk severity and probability are set based on qualitative and quantitative criteria. Once critical risks have been identified and re-assessed, management decides on the specific actions to be taken, the person responsible for implementing them and the deadline for mitigating their impact and probability, as well as reviewing the controls to which such risks are currently subject.

The risk analyses, controls and actions taken to mitigate their impact and probability are submitted annually to the Audit Committee for review and approval. Subsequently, the Audit Committee reports its findings to the Board of Directors.

During the integration of the Australian subsidiaries and in the course of standardizing their processes, it was noted that certain corporate policies were not being applied, which resulted in disciplinary measures. Local and area management, together with the Group's financial management, have calculated the impact of the incidents observed and have already reflected these impacts on the 2019 financial statements. In addition, an action plan to remedy the incidents was established to prevent recurrence.

<u>Key Risks</u>

Development of new products

- The sales figures of new strategic products are continually being analyzed and compared with competitors using market research tools, and statistical databases able to break figures down by market and product type.

- Comparative studies are conducted to measure our figures against our competitors' and update product assessments using the information obtained.

- Specific action plans are designed to ensure production output is adapted to the forecast demand levels for these new products.

Financial risks

Financial risks, such as exposure to interest rate and exchange rate risks, are monitored continuously so that policies can be proposed and decisions made accordingly.

Credit risks

Credit risk is monitored continuously, analyzing the financial health and the profits earned from those customers that represent the greatest risk in relation to the fixed costs assumed by the Company.

Technological risks

Given the lines of business of Fluidra's various business units, protecting their technology and the products they develop is one of the most important aspects of maintaining a competitive edge. The Company has developmental policies and standards in place as well as legal protocols to ensure their protection. Similarly, the Company is aware of the constant changes taking place in the markets linked to new technologies and therefore allocates resources to technological research and development.

Risks associated with subsidiary management

Fluidra is fully convinced that reinforcing and standardizing internal procedures and controls at the Group's subsidiaries is the right way to promptly detect and eradicate any irregularity in the management of the subsidiaries. To that end, the Company has a Corporate Management Control department made up of professionals who provide support and analyze the procedures of subsidiaries located in different countries around the world in order to ensure the standardization of financial statements and daily practices.

In an effort to standardize procedures and ensure robust controls, there is also an implementation and upgrade plan for the subsidiaries' computer systems.

Risks associated with the integration process

Fluidra seeks to expand in the territories where it does business by acquiring companies in the sector. A clear example of this is the merger with Zodiac. The Company is aware of the importance of a good integration process that covers the areas of technology, regulations, processes, information systems and personnel management to ensure that the newly acquired companies are efficiently integrated with the Group.

Development of new lines of business

Fluidra is constantly analyzing new lines of business that add value to the Group. Aware that any new activity involves an intrinsic risk, the company engages the services of specialized external consultants to provide advice on development processes.

HR-related risks

Fluidra Group companies have bonus policies linked to performance and the attainment of personal targets with the purpose of attracting and retaining talent.

The parent company has a Whistleblowing Channel set up by the Audit Committee that is jointly managed by Corporate RH, Internal Audit and the Legal Department, so that any company employee can report issues related to internal control, accounts and audits.

Risks related to processes

These risks are monitored and managed centrally by the Management Control Department and checked by the Internal Audit Department. The processes for obtaining consolidated financial and economic information are conducted at headquarters following corporate guidelines. Both the consolidated annual accounts and the individual accounts of each subsidiary are checked by external auditors.

Climate risks

The Company's risk map includes weather or climate risks, i.e. possible economic losses due to adverse changes in certain climate variables both globally and locally in any of the regions or countries where Fluidra does business. The risk is determined, along with the potential financial impact of a possible drop in sales of seasonal products, although in certain places where the warm season lasts longer there may be recurring sales. The system currently used to offset the risk consists of diversifying the business geographically, increasing the portfolio of products for adverse weather conditions and researching and developing products with low water, power and chemical consumption, as well as products and services that enable the pools to be operated efficiently at any time of the year and in any weather situation.

Fiscal and legal risks

Fluidra has defined a procedure for identifying and assessing legal and fiscal risks that it applies on a regular basis. The purpose of this procedure is to identify disputes or litigation that may have an impact on the company's assets, or differences of opinion that may arise due to different interpretations of the law with regard to a specific tax. The Company analyzes the situation and makes the appropriate accounting provisions in order to adequately cover the risk in the event that it materializes.

2.14 Current and foreseeable effects of the company's operations

[Ref. GRI 102-11, 413-2]

<u>Health and safety</u>

The health and safety of our employees are of paramount importance to Fluidra.

All employees are offered a voluntary annual medical check-up. A Fluidra Health Program is currently being developed, which began with a pilot project in some of the Group's companies.

As far as the safety of the Group's companies is concerned, there are plans to conduct risk assessments to learn more about these risks and to establish measures to eliminate them or at least minimize them by taking the pertinent protection measures.

Progress was made during the year on the preparation of HSE (Health, Safety & Environment) standards for the Fluidra Group in order to standardize criteria and priorities among all Group companies with the publication of operating procedures for the Group. By working in collaboration with other transversal functions it is possible to take advantage of synergies and in doing so make progress in HSE, not only internally but among our stakeholders as well.

Regular meetings are held with staff who specialize in HSE to align objectives and coordinate specific actions.

In 2019, a Corporate HSE Communication Plan was developed with advice, best practices and information to help raise awareness of Health, Safety and Environment (HSE)

Environmental assessment or certification procedures

Group companies that certify their environmental management systems do so by obtaining ISO 14001 certification through an independent entity that audits them and checks the veracity, traceability, consistency and sustainability of the environmental management system.

Those companies that are already certified renew their certification at the appropriate time and those that are not yet certified are expected to become certified over the next few years.

Resources allocated to the prevention of environmental risks

Environmental risks are integrated into the Group's risk management and as such are not treated separately. The Company views its risks as global and treats them accordingly, in an integrated manner along with the actions to improve processes, products and the management of the people who work at Fluidra. As a Company, we face environmental risks and we act responsibly to prevent our actions or operations from damaging the environment.

Application of the Precautionary Principle

Before we embark on any activity, the risks to the health and safety of people and the environment are assessed. The precautionary principle is always present and is applied to everything we do.

Provisions and Guarantees for Environmental Risks

Fluidra has taken out an environmental insurance policy, as required by law. However, Fluidra believes that the best policy is to work in an environmentally friendly manner in accordance with the known best practices. A good example of this is the ISO 14001 certification policy for production centers and the best practices applied to the management of the Group's companies.

No operations were detected with any negative impacts, real or potential, on the communities where we operate.

2.15 Air Pollution

[Ref. GRI 305-7]

Fluidra is not an intensive emitter of pollutants, VOCs or particulate matter. Only the intensive filter manufacturing plants, one in Spain and another in the United States, use polyester resin and fiberglass and at those sites the VOCs are controlled and recorded.

Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Other volatile compounds (VOCs)	Emission	Tm	110.97	115.43	127.22
Treatment of emissions	Expenditure	€ Euros	8,184	4,500	8,354

Controlled by mass balance measurements and atmospheric sensors

As far as NO_2, SO_2 and CO emissions, only one of our plants has significant exposure due to its intensive use of natural gas. In the last available analysis, the following parameters were recorded:

CO2	20	mg/Nm3
NO_2	28	mg/Nm3
SO_2	Under 10	mg/Nm3

2.16 Climate Change

[Ref. GRI 305-1, 305-2, 305-3, 305-5]

Fluidra is aware of the problem of climate change in the world and is working on an internal action plan to advance in the areas of mitigation and adaptation, to the extent possible. This year, the figures recorded for CO_2 equivalent emissions for 100% of group companies are as follows:

Direct Greenhouse Gas Emissions (Scope 1)

The direct GHG emissions produced by Fluidra are based on the use of fossil fuels for production, heating and owned/leased vehicles.

Scope 1					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Natural gas	Emission	t/CO_{2eq}	3,115	3,404	3,882
Diesel oil (production/heating)	Emission	t/CO_{2eq}	1,650	1,695	1,552
Diesel fuel (vehicles)	Emission	t/CO_{2eq}	2,449	4,725	4,433
Fugitive emissions	Emission	t/CO_{2eq}	59	75	16
			7,273	**9,899**	**9,884**

We use the coefficients published by the IPCC (*Intergovernmental Panel on Climate Change*) to calculate emissions, with 0.252 being the rate for the conversion of natural gas and 2.790 for the conversion of tons of diesel fuel.

The fugitive emissions refer to the maintenance of Cepex's climate equipment.

We are working toward a more systematic collection method for all other maintenance in the climate systems for a more accurate calculation.

Indirect Greenhouse Gas Emissions associated with the generation of power purchased or consumed (Scope 2)

The indirect GHG emissions produced by Fluidra are based on the electricity purchased from third parties and consumed.

Scope 2					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Electric grid	Emission	t/CO_{2eq}	**2,450**	**4,878**	**4,657**

To calculate Scope 2 emissions, we use the coefficients of the electricity mixes by country, based on the data published by regulators, or calculated using the data published by the International Energy Agency. In Spain, all electricity is 100% renewable with guaranteed supply and it represents 62% of the group's total electricity.

Indirect Greenhouse Gas Emissions (Scope 3)

Based on the nine categories of the Greenhouse Gas Protocol, according to the document "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", published by the Greenhouse Gas Protocol in 2011, the indirect GGEs in Scope 3 produced by Fluidra are limited to the systems in operation at the time of the capture and presentation of data.

The Scope 3 data presented by Fluidra are based on kilometers traveled by land to transport products to their final destination, at an estimated rate of 26 liters of fuel per 100 km.

For rail and air travel, the data shown were supplied by corporate travel agencies in Spain and the United States.

Fugitive emissions refer to the gas leaks calculated during the annual reviews of the production facilities.

Scope 3					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Heavy vehicles	Emission	t/CO_{2eq}	12,079	14,450	15,989
Rail and air travel	Emission	t/CO_{2eq}	2,326	3,643	3,087
			14,405	**18,093**	**19,076**

In total, Fluidra's emissions for the three areas are estimated at 33,616 tons of CO2 equivalent, 2.6% more than last year taking into account the increase in the perimeter. The increase in emissions was offset by an improvement in fuel consumption.

Fluidra is working to reduce its carbon footprint by conducting energy audits to look for areas for improvements. We have also implemented a system of real-time energy measurement in the factories and are purchasing certified type "A" green energy wherever possible.

The base year for calculating emissions is for operational control and 2015 is considered as the starting point for accounting using the methodologies and metrics defined in the Greenhouse Gas Protocol and in the documents and calculation guides of the Catalan Office for Climate Change of the Government of Catalonia in its version of 1 March 2019.

In 2020, in line with RD 56/2016, the mandatory energy audits will be carried out with the aim of being able to plan actions to improve energy use.

2.17 Circular economy

[Ref. GRI 301-1, 301-2, 306-2]

Fluidra has an ISO14001 environmental management system at its most intensive production centers. Nonetheless, the corporate environmental policy is the one that must prevail throughout the organization to ensure the efficient use of resources and the correct disposal of waste. As a group that produces things, Fluidra endeavors to recycle and reuse materials to the extent possible.

In 2019, the total volume of waste treated was 19,378 tonnes, 20% more than the year before as a result of the increase in the scope of environmental data compared to the previous year.

For the time being and based on the GRI classification, there are no details on the classification of waste beyond its hazardousness and treatment.

Internal management					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Non-hazardous waste	Volume	Tm	8,041	3,320	6,203
Hazardous waste	Volume	Tm	4,777	6,428	6,271
			12,818	**9,747**	**12,474**

External Management					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Non-hazardous waste	Volume	Tm	3,745	5,553	6,138
Hazardous waste	Volume	Tm	378	444	475
			4,123	**5,997**	**6,613**

By-products					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Non-hazardous by-products	Volume	Tm	294	334	291
Hazardous by-products	Volume	Tm	2,905	0	0
			3,199	**334**	**291**

Fluidra has a varied and horizontal production structure, manufacturing an assortment of components and products for swimming pools encompassing different sectors (plastic sector, chemical sector, metal sector, ceramic sector, manufacturing sector, logistics sector and commercial sector). This makes the processing of raw materials and packaging somewhat complicated.

Non-renewable raw materials					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Plastics	Volume	Tm	17,225	18,287	19,633
Chemicals	Volume	Tm	25,370	19,554	21,415
Metal	Volume	Tm	3,888	4,361	4,489
			46,483	**42,202**	**45,537**

Packaging					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Cardboard boxes (renewable)	Volume	Tm	3,130	3,150	4,286
Wood pallets (renewable)	Volume	Tm	3,858	4,278	5,028
Oil drums	Volume	Tm	81	34	50
Plastic and film	Volume	Tm	2,268	1,432	1,828
Other packaging	Volume	Tm	272	397	382
			9,609	**9,292**	**11,574**

Recycled material					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
External plastics	Volume	Tm	111	103	97
Internal plastics	Volume	Tm	91	88	394
Recycled glass	Volume	Tm	12,426	13,608	12,270
			12,628	**13,799**	**12,762**

In 2019, the percentage of recycled and reused materials was 22% of the total materials and packaging used. All of the packaging used by Fluidra is for one-time use only, although all of it is bound by national laws regulating its correct disposal at waste-management locations.

2.18 Energy Consumption

[Ref. GRI 302-1, 302-3]

The total energy consumed in 2019 by Fluidra was 319,674 Giga Joules. Of this total, 114,413 came from indirect renewable energy sources, representing 36% of the total energy and 62% of the total kWh of electricity consumed. These figures are very similar to ones from 2018, which represents an improvement in energy efficiency taking into account the increase in scope of calculation.

Direct Energy					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Natural gas	Consumption	Gigajoules	44,503	48,631	55,462
Diesel oil (production/heating)	Consumption	Gigajoules	21,650	22,242	20,368
Diesel fuel (vehicles)	Consumption	Gigajoules	32,138	62,008	58,178
			98,291	**132,881**	**134,008**

Indirect Energy					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Total electric grid	Consumption	Gigajoules	144,849	175,409	185,666
			144,849	**175,409**	**185,666**

Renewable electric grid	Consumption	Gigajoules	113,064	112,957	114,413

Energy Intensity					
Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Per raw material	Ratio	Gj/tn	5,149	5,004	5,350
Per square meter	Ratio	Gj/m^2	0.60	0.60	0.58
Per employee	Ratio	Gj/per	54.90	57.87	59.67

In terms of energy intensity, the ratio by raw material consumed in 2019, even factoring in the expanded scope, is at 2017 levels, which means greater efficiency, something that can be seen in the per employee and per area ratios.

Attributable consumption outside the organization is limited to the consumption of fuels for the outsourced heavy-duty shipping. A total of 22 million kilometers were traveled in 2019, which is 11% more than the year before due to the expanded scope.

2.19 Water Consumption and Effluent Management

[Ref. GRI 303-1, 303-2, 303-3, 306-1, 306-3, 306-5]

Fluidra as a business group has a relatively low demand for water consumption. Most group companies only use domestic water, with the only significant impact being the chemical production of disinfectants for pool water. The definitive closure of the chlorine production section of the Monzón chemical plant in 2019 brings with it a significant reduction in the collection of surface water and recycled water.

Likewise, the shutdown of the Monzón plant has resulted in a considerable reduction in the processing water discharged. There were no spills in 2019 that could affect the environment, nor were there any discharges of water from runoff that affected habitats and we have no record of catchments that have significantly affected sources. The quality of the domestic water that is discharged to the public sewer system meets the legal requirements.

Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Public water network	Consumption	m^3	45,092	65,164	74,432
Groundwater	Consumption	m^3	5,238	3,793	4,519
Surface water	Consumption	m^3	61,830	32,671	27,727
			112,160	**101,628**	**106,678**
Reused water	Consumption	m^3	577	57	68
Incorporated into products	Product	m3	--	34,045	29,594

Name	**Item**	**Unit of Measure**	**2017**	**2018**	**2019**
Sanitary water	Discharged	m^3	38,894	58,325	67,860
Process water	Discharged	m^3	4,757	6,446	7,378
Water from osmosis	Discharged	m^3	3,000	1,812	1,455
Leaks	Discharged	m^3	945	1,000	391
			47,596	**67,583**	**77,084**

2.20 Protection of Biodiversity

All of our production facilities are located in industrial parks outside of protected areas or special interest areas, with little or no impact on biodiversity. After conducting a Materiality Analysis, it was determined that this is not a material issue for Fluidra.

2.21 Key Social and Staff-related Indicators

[Ref. GRI 102-8, 102-35, 102-36, 102-37, 102-38, 102-41, 102-43, 401-1, 401-3, 403-1, 403-2, 403-3, 404-1, 405-1, 405-2]

Employment

The figures for the number of Fluidra employees in 2019 are shown below. The first 6 countries in the ranking by number of workers account for 75% of the total, with Spain accounting for the greatest percentage at 35.2%.

	Men	%	Women	%	Total	
Total Fluidra 2019	**3,565**	**67%**	**1,792**	**33%**	**5,357**	**100.0%**
Spain	1,190	63%	693	37%	1,883	35.2%
USA	463	74%	164	26%	627	11.7%
South Africa	369	76%	117	24%	486	9.1%
France	269	63%	161	37%	430	8.0%
Australia	256	69%	113	31%	369	6.9%
China	133	51%	128	49%	261	4.9%
UK	88	60%	58	40%	146	2.7%
Brazil	87	74%	31	26%	118	2.2%
Germany	78	68%	37	32%	115	2.1%
Italy	86	75%	28	25%	114	2.1%
The Netherlands	47	66%	24	34%	71	1.3%
Bulgaria	51	76%	16	24%	67	1.3%
Portugal	42	67%	21	33%	63	1.2%
Austria	34	64%	19	36%	53	1.0%
India	39	80%	10	20%	49	0.9%
Russia	29	62%	18	38%	47	0.9%
Indonesia	28	67%	14	33%	42	0.8%
Dubai	32	86%	5	14%	37	0.7%
Thailand	19	58%	14	42%	33	0.6%
Mexico	12	39%	19	61%	31	0.6%
Turkey	22	73%	8	27%	30	0.6%
Morocco	12	48%	13	52%	25	0.5%
Hungary	15	75%	5	25%	20	0.4%
Belgium	16	89%	2	11%	18	0.3%
Poland	9	50%	9	50%	18	0.3%
Canada	12	71%	5	29%	17	0.3%
Kazakhstan	9	53%	8	47%	17	0.3%
Egypt	14	88%	2	13%	16	0.3%
Greece	10	67%	5	33%	15	0.3%
Vietnam	6	46%	7	54%	13	0.2%
Chile	10	83%	2	17%	12	0.2%
Singapore	9	69%	4	31%	13	0.2%
Sweden	8	67%	4	33%	12	0.2%
Cyprus	8	73%	3	27%	11	0.2%
Malaysia	6	55%	5	45%	11	0.2%
Colombia	5	50%	5	50%	10	0.2%
Serbia	7	70%	3	30%	10	0.2%
Croatia	7	78%	2	22%	9	0.2%
Czech Republic	6	75%	2	25%	8	0.1%
Romania	6	86%	1	14%	7	0.1%
New Zealand	4	67%	2	33%	6	0.1%

Switzerland	5	100%	0	0%	5	0.1%
Tunisia	2	40%	3	60%	5	0.1%
Denmark	1	33%	2	67%	3	0.1%
Bosnia and Herzegovina	2	100%	0	0%	2	0.0%
Montenegro	2	100%	0	0%	2	0.0%

The structure of job categories within the organization remains stable, with senior management accounting for 3% and middle managers for 14%.

	Men	%	Women	%	Total	
Total Fluidra 2019	**3,565**	**67%**	**1,792**	**33%**	**5,357**	**100.0%**
General/senior management	85	91%	8	9%	93	1.7%
Production and Logistics	2,070	74%	729	26%	2,799	52.2%
Sales and Marketing	842	64%	483	36%	1,325	24.7%
Administration and Finance	149	31%	337	69%	486	9.1%
Other Services (HR, IT, etc.)	419	64%	235	36%	654	12.2%

	Men	%	Women	%	Total	
Total Fluidra 2019	**3,565**	**67%**	**1,792**	**33%**	**5,357**	**100.0%**
Directors	144	83%	30	17%	174	3.2%
Middle Managers	558	75%	189	25%	747	13.9%
Technical	960	70%	405	30%	1,365	25.5%
Administrative	437	40%	650	60%	1,087	20.3%
Operators	1,466	74%	518	26%	1,984	37.0%

The maturity and operating experience of the staff are ensured by the fact that 75% of employees fall within the 30 to 55 age range.

	Men	%	Women	%	Total	
Total Fluidra 2019	**3,565**	**67%**	**1,792**	**33%**	**5,357**	**100.0%**
Under 30	517	67%	256	33%	773	14.4%
between 30 and 45 years of age	1,722	65%	922	35%	2,644	49.4%
between 46 and 55 years of age	923	67%	460	33%	1,383	25.8%
55+	403	72%	154	28%	557	10.4%

All Fluidra companies in Spain comply with the disability laws in force, hiring disabled persons directly or through Special Job Centers. Above and beyond the legal requirements, this is one of the aspects where work needs to be done in the future to improve overall ratios even where there are no specific laws.

With regard to local staff in foreign countries, Fluidra is an international organization that is committed to creating jobs wherever it does business. In addition, as a multicultural organization there are opportunities for employees from different countries to move between the Group's companies. The most recent figures for foreign staff at Fluidra companies are shown below, a foreigner being understood as anyone who is not from the country where the company is located.

	Men	%	Women	%	Total
Foreign personnel	92	64%	38	36%	130

Job stability is very important to Fluidra, as attested to by the fact that 95% of employment contracts are permanent.

	Men	%	Women	%	Total	
Total Fluidra 2019	**3,565**	**67%**	**1,792**	**33%**	**5,357**	**100.0%**
Permanent (full time)	3,379	68%	1,570	32%	4,949	92.4%
Permanent (part time)	22	15%	123	85%	145	2.7%
Temporary contracts	164	62%	99	38%	263	4.9%

Because of the flexibility that is required to deal with the somewhat seasonal nature of the business, approximately 7% of our staff are externally outsourced, temporary employees, which helps us to stabilize our accounts.

	Men	%	Women	%	Total
Temporary employment agencies	291	75%	95	25%	386
Independent contractors	3	100%	0	0%	3

The structural turnover of temporary hires at Fluidra rose by 1% in 2019 compared to 2018, ending at 12%. These turnover rates are rooted in the reorganization process and the integration of Zodiac and Fluidra in 2018 and 2019. It is anticipated that in 2020 these rates will drop down to pre-merger levels.

	Men	%	Women	%	Total	
Total Fluidra 2019	**587**	**67%**	**293**	**33%**	**880**	**100.0%**
Permanent contract terminations	417	66%	214	34%	631	71.7%
Temporary contract terminations	170	68%	79	32%	249	28.3%

	% Men	% Women	% Total
Structural turnover	12%	12%	12%

There was a major reorganization in 2019 in connection with the integration of Zodiac and Fluidra in those geographical areas where each one had significant market shares. The United States, Australia, South Africa and Europe have undergone a major integration process that has led to the loss of a certain number of duplicate jobs.

	Men	%	Women	%	Total
Involuntary terminations	159	68%	74	32%	233

	Males	%	Women	%	Total	
Total Fluidra 2019	**535**	**67%**	**263**	**33%**	**798**	**100.0%**
New permanent contracts	301	65%	162	35%	463	58.0%
New temporary contracts	234	70%	101	30%	335	42.0%

Salaries

As for wage disparity, the compensation of the highest paid individual was 22 times that of the lowest paid, taking Spain as a reference, which includes the Executive President of the company.

	Spain	France	The Americas
Wage disparity	22	4	10

Salary ranges are monitored and managed to keep them competitive and in line with the market.

Compensation and raises are managed internally through collective bargaining with labor representatives. For confidentiality and data protection reasons, no other stakeholder groups are involved in these negotiations.

Wage Gap

Fluidra's compensation policy aims to gradually achieve equal pay for men and women based on their job categories and functions and thereby eliminate the wage gap. At present, the unified corporate systems can only provide disaggregated data for Spain, the United States and France, as the most significant countries accounting for 55% of Fluidra's employees. The integration of these systems will continue in 2020 to enable us to provide all of the necessary information. These remuneration policy processes are outsourced to a specialized, independent company.

Overall, according to the available information, the wage gap between men and women is 13%. The following table details the gap by job category and geographical area.

	Spain	France	The Americas
Directors	11%	24%	12%
Middle Managers	19%	29%	0%
Operators	0%	15%	16%
Technical	11%	8%	84%
Administrative	8%	0%	0%
Total	**11%**	**19%**	**12%**

Compensation of the Board of Directors

The compensation paid to the members of the Board of Directors in their capacity as such consists of a fixed annual amount plus allowances for attending the meetings of the Board of Directors. Directors who sit on the Board's committees, i.e. the Audit Committee, the Appointments and Remuneration Committee and the Executive Committee, receive additional compensation. The increase in compensation in 2018 and 2019 is the result of expanding the number of members on the Board of Directors from 9 to 12 in mid-2018 and consolidating this figure throughout 2019. The Board of Directors is composed of 11 men and 1 woman, all over the age of 45.

Compensation of directors in their capacity as such (thousand EUR)

	2016	**2017**	**2018**	**2019**
Permanent	872.00	861.33	1,009.00	1,216.00
Per diems	90.50	87.17	90.00	120.00
	962.50	**948.50**	**1,099.00**	**1,336.00**

The fixed compensation includes the allowances for sitting on committees.

Regarding the compensation of the members of the Executive Committee or MAC (Management Advisory Committee), all members are bound by the same conditions of fixed compensation and bonuses that apply to the rest of the employees.

Organization of work

Group companies are free to establish flexible working hours to accommodate the specific circumstances of each location and each organization's needs. For example, the parent company, Fluidra, S.A., offers employees flexible start and finish times in order to deal with personal matters and the possibility of accumulating an additional pool of hours to be used on Fridays. In the USA, for example, employees can accumulate hours in order to have one Friday off for every two worked.

Maternity and paternity leave can be freely taken as decided by the parents. Employees who take maternity leave are reinstated at the end of their leave.

Parental leave	**2017**	**2018**	**2019**
Men	36	45	46
Women	31	40	26

Reinstatements	**2017**	**2018**	**2019**
Males	33	41	41
Females	20	27	15

Labor relations and labor unions

Regardless of the country, all Fluidra employees have the right to associate and to collective bargaining. Depending on the country and its regulations, each job location must adhere to the collective agreement for its sector of activity. In countries where there are no specific regulations, the workers themselves may organize to establish a dialog with the company when there is a conflict to be resolved.

In 2019, there were 17 workers' committees composed of 126 labor representatives and 19 delegates. Elections for committee members and delegates are held in accordance with the laws in force.

Workers' committees and labor delegates have the authority to communicate with company representatives directly to ask questions, make suggestions, initiate collective bargaining talks or communicate any other need or suggestion.

Each country has its own specific regulations regarding the collective agreements of the different economic sectors. As indicated at the beginning of this report, 52.6% of all employees are covered by the collective bargaining agreements existing different countries.

Employee health and safety

In 2019, the member companies of the Fluidra Group held a variety of OHS and prevention training programs. While commercial and corporate services companies focus more heavily on risk prevention in offices and fire extinction, the industrial companies emphasize training that is more specific to their production activities, with courses on safety in merchandise transport, the safe operation of lifting platforms, safety working at heights and using electric forklifts, emergency plans, first aid plans and health and safety campaigns. Under the prevention and reporting policy, the results of workplace accidents and internal safety inspections are posted on bulletin boards.

Safety visits are carried by the Corporate HSE Management area to different group facilities all over the world to monitor improvements and the implementation of procedures and to assist with the plans to make corrections in areas that need improvement. In 2019, such visits were made to Fluidra's facilities in Morocco, Egypt, Mexico, Bulgaria, Australia, USA, Brazil, etc., as well as the facilities of Group companies in Spain: Metalast, Inquide, Fluidra Comercial España.

Each group company in Spain has its own Risk Prevention Plan that contains periodic risk assessments commensurate with its business, offering the required training to all internal and external staff.

In 2019, absenteeism for the expanded group stood at 209,391 hours which is 2% of total theoretical working hours.

Fluidra currently has 20 Health and Safety Committees with a total of 106 members. The Health, Safety and Environment Department (HSE), together with the Human Resources Department, oversees all of them and compliance with current regulations. The corporate agreements with mutual insurance companies that cover on-the-job accidents enable us to manage and monitor any occupational accidents and illnesses that may occur.

Workplace incidents (number)	**2017**	**2018**	**2019**
Resulting in medical leave	159	246	159
Not resulting in medical leave	244	287	167
Fatalities	0	0	0

High-risk personnel	--	5	4

Hours lost	2019	%
Due to injuries/accidents	1,157	0.01%
Due to illness	3,177	0.03%

Percentage of total annual theoretical hours.

Workplace accidents and incidents at Fluidra are defined on the basis of the companies' own activities. In this regard, we differentiate between blows and entrapments by objects or equipment; injuries caused by sharp instruments; falls and slips; injuries caused by moving heavy loads; chemical poisoning and burns; infections; traffic accidents and injuries from fire and explosions.

We also monitor possible occupational diseases associated with the position or the work involved, such as respiratory diseases, skin conditions, disorders of the extremities, neck and back problems, poisoning, infectious diseases and cancer, and malignant diseases.

The accident rate in 2019, considering the accidents that occurred in relation to the workforce, was 3%.

The accident frequency rate, taken as accidents occurring in relation to total working hours per 200,000, was 3.17 points.

The seriousness index, taken as the number of days lost in relation to total working hours per 1,000 was 0.35 points.

Training

Training at Fluidra does not distinguish between men and women, since all company employees have the same right to training, regardless of gender and/or ideology. Training at Fluidra is basically technical in nature, based on the skills required for the job, as well as language training.

Training by job category in 2019	Courses	Hours	People	Cost
Directors	13	333	11	€ 8,533
Middle Managers	64	4,971	151	€ 93,798
Technical	159	9,701	574	€ 201,164
Administrative	68	2,974	127	€ 39,266
Operators	86	3,135	397	€ 34,452
Total training	**390**	**21,114**	**1,260**	**€ 377,213**

Training by functional area in 2019	Courses	Hours	People	Cost
Management, Team Leads, Strategic	26	1,948	72	€ 35,303
Administration and Finance	11	124	23	€ 4,442
Sales and Marketing	24	1,648	139	€ 51,110
Languages	120	11,045	302	€ 216,923
HR, SCR	28	1,134	136	€ 16,384
Production/Maintenance	46	1,582	192	€ 17,392

Logistics/Purchases	30	517	63	€ 10,536
Technical/R&D/Quality	105	3,116	333	€ 25,123
Total training	**390**	**21,114**	**1,260**	**€ 377,213**

Equality

In 2019, once certain decisions were made regarding the configuration of the Board of Directors following the merger of Zodiac and Fluidra, a director's term of office expired and he was replaced by a woman. Although this represents only 8% of the composition of the Board, it is the first step toward achieving a more egalitarian Board in terms of gender.

There is a commitment to add women directors to the Board when mandates expire, until the appropriate gender equality is achieved. To that end, there is a policy of proactive selection of women in place, with special emphasis on the qualities and skills the position requires.

There is no specific equality plan in place for Fluidra staff that governs the equality policy described previously in this report promotes equal treatment and opportunities for men and women. The Equality Plan is currently being reviewed to determine new requirements and objectives.

The protocols against sexual and gender-based harassment are limited to the Code of Ethics and the general procedure for reporting complaints through the confidential Whistleblowing Channel.

2.22 Human Rights

[Ref. GRI 406-1, 412-1, 412-2]

Human rights are present in all our corporate codes and values. All employees have an obligation to be aware of and accept the rules and conduct regarding human rights. Fluidra, as an organization, respects and accepts all the fundamental conventions of the International Labor Organization vis-a-vis the respect for freedom of association and the right to collective bargaining.

Fluidra monitors the conduct and operations at different group companies through internal audits, regular visits and management controls, with a special emphasis on those geographical areas that are most susceptible to fraud, corruption, bribery and undignified working conditions. No violations or negative consequences in the area of Human Rights were detected in 2019. 22 internal audits were conducted covering 24% of companies.

The Whistleblowing Channel, which was already discussed in the policy section of this document and which is available to the public on the corporate website, is the standard procedure for reporting possible human rights incidents. All complaints are studied confidentially and are resolved by directly informing those involved of the decisions.

Human Rights training is implicit in the onboarding process for new employees, who are required to undergo training on the codes, values and everyday work procedures. The training pills on corporate codes and values are always available to Fluidra employees and 100% of employees are obliged to undergo training on these topics.

2.23 Fighting Bribery and Corruption

[Ref. GRI 102-13, 205-3]

As mentioned in section 2.8, Fluidra's key weapon in the fight against corruption, bribery and money laundering is the Anti-Corruption Procedure approved by the Board of Directors in 2016 within the framework of the Crime Prevention Model.

The Anti-Corruption Policy approved by the Board is published on the Fluidra Intranet and is accessible to the entire organization. No cases of corruption or bribery were identified in the course of monitoring and evaluating these risks in 2019.

In 2019, Fluidra made cash contributions to non-profit foundations and associations totaling €554,122, of which €515,049 went to the Fluidra Foundation for the development of social projects.

These cash contributions went to: Cruz Roja Española, Fundación IESE, Fundación ESADE, Fundación Privada Empresa y Clima, Fundació Privada per a la Creativació, Fundació SEUR, and Fundació Fluidra.

2.24 Dialog with the community and protection measures

[Ref. GRI 201-1, 102-13]

The operations of our companies have direct and indirect impacts on the societies and communities that interact with them. Fluidra's business is highly internationalized and very diverse, generating positive economic impacts for local communities by procuring products and services, creating jobs and satisfying the needs of the people directly or indirectly related to Fluidra's companies.

ECONOMIC EARNINGS GENERATED AND DISTRIBUTED (thousands of euros)	**2017**	**2018**	**2019**
Economic earnings generated	**803.3**	**1055.7**	**1406.6**
Total revenue (sales + other income)	803.3	1055.7	1406.7
Earnings distributed	**732.2**	**1022.2**	**1261.4**
Employees (personnel costs)	169.4	223	277.9
Suppliers (change in inventories + other operating expenses)	537.1	767.9	922.1
Shareholders (dividend*)	0	0	0
Company-Public administrations (taxes **)	13	3.9	6
Capital providers (financial costs)	12.8	27.6	55.4
Retained economic earnings	**71**	**33.4**	**145.2**

Dividend- Earnings attributable to the holders of equity instruments of the parent company*

*Taxes**- Refers to the taxes payable on earnings*

All of Fluidra's activities are carried out in industrial parks and commercial offices. However, there may be a risk of causing some type of negative impact, whether direct or indirect, which is why the most significant companies have environmental management and impact measurement processes based on the precautionary principle. The environmental section of this document discusses the indicators that are tracked in this regard.

Apart from the positive impact of it economic activities, Fluidra participates in a number of social initiatives to promote the values of the community and its development, either through its own direct actions or the projects of the Fundació Fluidra.

The most significant direct action is the sponsorship of water polo teams. This action aims to favor minority sports and boost women's access to the sporting elite.

The activities of Fundació Fluidra are focused around two core areas: water and music. Its work is aligned with two basic commitments: social commitment, with projects aimed at accessibility, awareness and education on the use of water; and cultural commitment, especially dedicated to promoting music as a form of education and dignifying people's lives. Apart from this focus, the company is also particularly sensitive to the personal and professional development of young people at risk of social exclusion, and to the economic development opportunities of nearby areas.

The Fundació Fluidra is the driving force behind the KAG-25 project developed in Senegal together with an agricultural school located in the Karang area, run by Escuelas Pías. This initiative is converting a 25 hectare farm in the south of the country into a profitable horticultural farm, where the profits can be invested in training the young students. At these agricultural schools, children and young people receive four years of professional training in agriculture. The object is to develop food autonomy and the entrepreneurial and economic capacity of the students.

The foundation is also a sponsoring member of the Palau de la Música Catalana and the Gran Teatre del Liceu, which help to promote the arts in Barcelona. Fluidra also collaborates with the Orquestra Simfònica del Vallès, the Fundació Abadia de Montserrat, the GIO Orchestra and the Fundació Catalunya Cultura to promote different cultural initiatives. Fundació Fluidra is also concerned with the welfare of people and the protection of animals and therefore cooperates with the Fundació Sanitària Mollet, the Fundació CRAM and the Banc d'Acció Social.

2.25 Subcontracting and Suppliers

[Ref. GRI 102-10, 204-1, 308-1, 308-2]

As a global group, Fluidra uses the networks of local product and service providers in all cases where efficiency and product availability allow. At Fluidra, the definition of local purchasing is when the country of origin is the same as the country of destination. In 2019, local purchases by Fluidra represented 64% of the total.

At Fluidra, we define critical suppliers as those from whom we purchase more than €500,000 in goods and services, which in 2019 represented 70% of total purchases. There were no significant changes in the supply chain in 2019 that affect the comparability with last year's information.

Our procurement policy was updated and reorganized in 2016, taking advantage of this opportunity to incorporate environmental and social criteria into the supply chain requirements. All critical suppliers must explicitly accept Fluidra's Code of Ethics for Suppliers based on the 10 principles of the United Nations Global Compact. Similarly, all corporate contracts include mandatory clauses on respecting and obeying the Code of Ethics for Suppliers. This is also implicitly reflected in the clauses of the purchase orders issued by Fluidra to suppliers. For new suppliers who came with Zodiac, these clauses are being added gradually as they are incorporated into the corporate systems.

With regard to supplier evaluation and approval, a collaboration agreement was signed at the end of 2019 with a specialized company that will help us to regularly monitor the situation of our suppliers vis-a-vis legal compliance, governance, economic solvency and social and environmental performance. It is expected that in 2020 all critical suppliers will again sign onto Fluidra's Code of Ethics following its revision in 2019.

We are not aware of any violations involving child or forced labor or the right to freedom of association and collective bargaining in 2019.

2.26 Customers

[Ref. GRI 416-2]

Quality is one of Fluidra’s core principles.

It’s not just product quality, but a more global concept. Quality is a culture based on common attitudes, methodologies and tools. The goal is to achieve customer satisfaction combined with sustainable and profitable growth.

Quality results at Fluidra's production companies improved in 2019 compared to 2018 by 1% in terms of quality complaints involving products sold. Claims on sales in 2019 remained at 1%.

While a product is being developed, it is verified that the product complies with all the rules, directives and regulations that apply to each family and is certified, where appropriate.

We are not aware of any cases of non-compliance with regulations relating to or having an impact on product health and safety that have resulted in any fine, penalty or warning in 2019.

There is a system in place for receiving customer complaints in general. These complaints are forwarded to the production centers and/or third party suppliers who proceed to analyze, resolve and respond to them.

2.27 Tax Information

In order to comply with the responsibility and transparency parameters that apply to the Fluidra group through its tax policy, detailed below are the profits earned in the different jurisdictions where the group operates and the corporate taxes paid.

The amount of corporate taxes paid (cash basis) refers to the amount of taxes effectively paid during the tax year being reported on, i.e., the 2019 fiscal year, including payments made to satisfy the tax obligations of the reporting tax period as well as payments made in relation to previous tax periods.

These figures take into account any refunds or rebates of corporate income tax (cash basis) received in 2019.

The table below shows the profit by country (in thousands of euros):

COUNTRY	COUNTRY BY COUNTRY PROFIT
AUSTRALIA	-6,089
AUSTRIA	4,046
FRANCE	25,540
GERMANY	1,953
ITALY	2,392
THE NETHERLANDS	4,340
SOUTH AFRICA	7,334
SPAIN	-2,906
UNITED ARAB	3,124

EMIRATES	
UNITED KINGDOM	3,730
UNITED STATES	22,627
OTHER(*)	20,278
Current Total	**86,369**

**Other jurisdictions include: Belgium, Bosnia-Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, New Zealand, Poland, Portugal, Romania, Russia, Serbia, Singapore, Sweden, Switzerland, Thailand, Tunisia, Turkey and Vietnam*

In 2019, the Group received the grants (cash criterion) shown on the table below (in thousands of euros):

COUNTRY	GRANTS
SPAIN	328
OTHER(*)	129
Current Total	**457**

**Other jurisdictions include: Belgium, China.*

Finally, the corporate taxes paid (cash criterion) in 2019 were as follows (in thousands of euros):

COUNTRY	TAXES PAID BY COUNTRY
AUSTRALIA	547
AUSTRIA	1,084
FRANCE	-594
GERMANY	50
ITALY	262
THE NETHERLANDS	1,259
SOUTH AFRICA	673
SPAIN	-6,601
UNITED ARAB EMIRATES	0
UNITED KINGDOM	744
USA	2,045
OTHER(*)	4,302
Current Total	**3,771**

**Other jurisdictions include: Belgium, Bosnia & Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, New Zealand, Poland, Portugal, Romania, Russia, Serbia, Singapore, Sweden, Switzerland, Thailand, Tunisia, Turkey and Vietnam*

2.28 Innovation

Research and Development (R&D) is a key area for Fluidra, as the company believes that user-oriented product innovation is fundamental to a company's culture and growth. Fluidra has more than 220 engineers, designers and skilled workers in the main markets.

To ensure a balanced approach, R&D is focused on three areas:

- Quality: rigorous fulfillment of user and influencer expectations

- Added value: constantly improving products (cost, quality) in all categories

- Innovation: incorporating a high level of innovation into our key products.

R&D and innovation are built into Fluidra's DNA. As an industry leader in intellectual property with approximately 1,200 active patents, the Company has a strong portfolio of new projects, with more than 110 active ones; and it leads the sector of connected products or devices with nearly 200,000 connected pools.

The Company's innovation model combines incremental innovation with disruptive innovation. Incremental innovation includes the activities that lead to continuous and progressive innovation, which in turn enables us to bring new products to market that are more efficient, higher quality and better adapted to the changing needs of the market. This is the main result of the work of Fluidra's R&D centers. The most disruptive innovation includes those activities that are mainly managed through Fluidra Accelera. Internal initiatives, such as Fluidra's Innovation Week, also focus on encouraging disruptive innovation.

3. Annual Corporate Governance Report

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION PARTICULARS

Year-end date: 31/12/2019

Tax Identification Code: A-17728593

Registered name:

FLUIDRA, S.A.

Registered office:

AVENIDA FRANCESC MACIA, 60 PLANTA 20, (SABADELL), BARCELONA

A. OWNERSHIP STRUCTURE

A.1. Complete the following table regarding the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
02/07/2018	195,629,070.00	195,629,070	195,629,070

Indicate whether there are different classes of shares with different rights attaching thereto:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant shareholdings in the company at the end of the year, excluding members of the board of directors:

Name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RHÔNE CAPITAL LLC	0.00	38.42	0.00	0.00	38.42
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	38.42	0.00	0.00	0.00	38.42
MANUEL PUIG ROCHA	0.00	5.00	0.00	0.00	5.00
JUAN PLANES VILA	0.03	7.07	0.00	0.00	7.10
ANIOL, S.L.	0.78	5.07	0.00	0.00	5.85
EDREM, S.L.	0.03	6.74	0.00	0.00	6.77
DISPUR, S.L.	0.94	6.13	0.00	0.00	7.07
BOYSER, S.L.	1.08	7.05	0.00	0.00	8.13
BLACKROCK EUROPEAN MASTER HEDGE FUND LIMITED	0.00	0.00	3.01	0.00	3.01
ROBERT GARRIGOS RUIZ	0.00	5.85	0.00	0.00	5.85

Breakdown of the indirect shareholdings:

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
MANUEL PUIG ROCHA	BANELANA, S.L.	5.00	0.00	5.00
JUAN PLANES VILA	DISPUR, S.L.	0.94	0.00	0.94
JUAN PLANES VILA	DISPUR POOL, S.L.	6.13	0.00	6.13
EDREM, S.L.	EDREM CARTERA, S.L.U.	6.74	0.00	6.74
DISPUR, S.L.	DISPUR POOL, S.L.	6.13	0.00	6.13
BOYSER, S.L.	BOYSER CORPORATE PORTFOLIO, S.L.	7.05	0.00	7.05
ROBERT GARRIGOS RUIZ	ANIOL, S.L.	0.78	0.00	0.78
ROBERT GARRIGOS RUIZ	PIUMOC INVERSIONS, S.L.U.	5.07	0.00	5.07

State the most significant movements in the shareholding structure that have occurred during the year:

Most significant movements

On 26th June 2019, Piscine Luxembourg Holdings 1, S.à. r.l., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 4% of the Company's share capital.

-

A.3. Complete the following tables regarding members of the board of directors who have voting rights attached to shares in the company:

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr GABRIEL LÓPEZ ESCOBAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JOSÉ MANUEL VARGAS GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BERNARDO CORBERA SERRA	0.10	0.15	0.00	0.00	0.25	0.00	0.00

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr OSCAR SERRA DUFFO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	0.00	0.04	0.00	0.00	0.04	0.00	0.00
Mr ELOY PLANES CORTS	0.17	0.00	0.00	0.00	0.17	0.00	0.00
PIUMOC INVERSIONS, S.A.U.	5.07	0.00	0.00	0.00	5.07	0.00	0.00
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRUCE WALKER BROOKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr MICHAEL STEVEN LANGMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms ESTHER BERROZPE GALINDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRIAN MCDONALD	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by members of the board of directors	5.53

Breakdown of indirect shareholdings:

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
Mr BERNARDO CORBERA SERRA	BERAN CARTERA, S.L.U.	0.15	0.00	0.15	0.00
Mr JORGE VALENTÍN	EOLO CAPITAL SICAV	0.04	0.00	0.04	0.00

There are no observations.

A.4. State any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are immaterial or derive from ordinary commercial transactions, except those reported in section A.6:

Name of related parties	Type of relationship	Brief description
No data		

A.5. State any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are immaterial or derive from ordinary commercial transactions of the company:

Name of related parties	Type of relationship	Brief description
No data		

A.6. Describe any relationships, unless insignificant for both parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of board members that are legal persons.

Explain, as the case may be, how significant shareholders are represented. Specifically, state those directors who have been appointed to represent significant shareholders, those whose appointments were proposed by significant shareholders, or are related to significant shareholders and/or companies in their group, specifying the nature of such ties. In particular, mention the existence, identity and post of members of the board, or representatives of directors, of the listed company who are in turn members of the board or their representatives in companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/post
Mr JOSÉ MANUEL VARGAS GÓMEZ	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	José Manuel Vargas Gómez is General Director of Rhône Group
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	EDREM, S.L.	Bernardo Corbera Serra is CEO of Edrem, S.L.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	BOYSER, S.L.	Óscar Serra Duffo is chairman of the Board of Directors of Boyser, S.L.
Mr ELOY PLANES CORTS	DISPUR, S.L.	DISPUR, S.L.	Eloy Planes Corts is a director of Dispur, S.L.
Mr BERNAT GARRIGOS CASTRO	PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	Bernat Garrigós Castro is CEO of Aniol, S.L.
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Sebastien Simon Mazella di Bosco is General Director of Rhône Group
Mr BRUCE WALKER BROOKS	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	The appointment of Bruce Walker Brooks as a director was proposed by Rhône
Mr MICHAEL STEVEN LANGMAN	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Michael Steven Langman is General Director of Rhône Group

A.7. State whether the company has been notified of any shareholders' agreements affecting the company pursuant to the provisions of articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*). If so, briefly describe these agreements and list the shareholders bound by them:

[√] Yes
[ ] No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Date of expiration of the agreement, if any
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L., PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	67.25	On 03/11/2017 a shareholders' agreement was formalized by the same shareholders of Fluidra who are parties to the shareholders' agreement initially formalized on 05/09/2007 and Piscine Luxembourg Holdings 1, S.a.r.l. (controlled by Rhône Capital LLC), reported through Relevant Event no. 258222. This shareholders' agreement came into effect on 02/07/2018, which is the date of effects of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à r.l. (transferor) reported by the Company through Relevant Event no. 258221.	Regulated in Clause 20 of the Agreement, available on www.fluidra.com, Shareholders and Investors, Corporate Governance, Shareholders' Agreements
PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	27.82	On 05/09/2007 a shareholders' agreement was formalized by certain shareholders in Fluidra, S.A. which was reported as a Relevant Event to the CNMV on 02/01/2008 with no. 87808. The agreement has been modified on 5 occasions (First novation: 10/10/2007; Second novation: 01/12/2010, Relevant Event no. 134239; Third novation: 30/07/2015, Relevant Event no. 227028; including supplementary agreement of 30/09/2015, Relevant Event no. 229114; Fourth novation: 27/07/2017 Relevant Event no.º 255114; Fifth novation 03/11/2017, Relevant Event no. 258223, modified on 25/04/2018, Relevant Event no. 264650, subrogations on 23/05/2018 Relevant Event no. 266060, and supplementary agreement to the Fifth Novation on 27/07/2018, Relevant Event no. 268610).	Regulated in Clause Seven of the Agreement, available on www.fluidra.com, Shareholders and Investors, Corporate Governance, Shareholders' Agreements

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

[√] Yes
[ ] No

Parties to the concerted action	% share capital affected	Brief description of the concerted action	Date of expiration, if any
PIUMOC INVERSIONS, S.L.U., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L., BOYSER POOL, S.L.U.	25.00	The Syndication Agreement establishes the parties indicated in it, and in relation to the actions referred to in it the parties undertake to exercise their voting rights at General Meetings of Fluidra as indicated in the Syndication Agreement.	--

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

N/A

A.8. State whether there is any individual or company that exercises or could exercise control over the company in accordance with article 5 of the Securities Market Act (*Ley del Mercado de Valores)*. If so, identify the party in question:

[ ] Yes
[√] No

A.9. Complete the following tables regarding the company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,581,398		0.80

(*) Through:

Name of direct shareholder	Number of direct shares
No data	

Explain any significant variations occurring during the year:

Explain significant variations
The Company acquired 777,680 own shares through a repurchase programme that started on 1st March and ended on 1st August 2019. Previously, the Company had acquired 482,920 own shares through a repurchase programme that started on 25th October 2018 and ended on 4th January 2019.

A.10. Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

At the Ordinary General Shareholders' Meeting held on 3 May 2017, it was resolved to (i) authorize the Company to proceed with the derivative acquisition of own shares, directly or through group companies, and with the express power to reduce the share capital to redeem own shares, delegating to the Board of Directors the necessary powers to execute the resolutions passed by the General Meeting in this regard, rendering the previous authorization without effect, and (ii) authorize it to apply the portfolio of own shares, as the case may be, to the execution or coverage of remuneration systems. The authorization granted is valid for a term of five (5) years as of the date the resolution is passed, i.e. until 3rd May 2022.

At the Board meeting of 6th November 2019, it was resolved, in the context of this authorization granted to the Board of Directors, to authorize the Chairman/CEO and the Co-CEO, jointly and severally and indistinctly, to proceed with the derivative acquisition and disposal of own shares up to a maximum number of shares not exceeding four (4%) per cent of the Company's share capital. This authorization will be valid until 31/12/2020.

A.11. Estimated free float:

	%
Estimated free float	24.46

A.12. State whether there are any restrictions (under the Articles of Association, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market, and any prior authorization or communication arrangements in respect of acquisitions or transfers of the company's financial instruments that are applicable to it by virtue of sector-specific regulation.

[√] Yes
[ ] No

Description of the restrictions
See section H1.

A.13. State whether the general shareholders' meeting has approved the adoption of anti-takeover measures pursuant to the provisions of Act 6/2007.

[ ] Yes
[√] No

If so, describe the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued securities that are not traded on a regulated market in the European Union.

[ ] Yes
[√] No

If applicable, specify the different classes of shares and the rights and obligations attaching to each class of shares:

B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether there are differences with respect to the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting:

[ ] Yes
[√] No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

[√] Yes
[ ] No

	Qualified majority other than that established in article 201.2 LSC for cases described in article 194.1 LSC	Other situations of qualified majority
% established by the company for the adoption of resolutions	0.00	0.00

The Shareholders' Agreement formalized on 03/11/2017, Relevant Event notice no. 258222, provides for certain qualified majorities in order to pass certain resolutions of the General Shareholders' Meeting. The requirement for these qualified majorities is also established in article 33 of the company's Articles of Association and in article 25 of the General Meeting Regulations. See section B.3 below for further details.

B.3. State the rules applicable to the amendment of the company's Articles of Association. In particular, disclose the majorities provided for amending the Articles of Association, and any rules provided for the protection of shareholders' rights in the amendment of the Articles of Association.

The procedure for amending the Articles of Association must conform to the provisions of article 285 and following of the Companies Act, which require approval by the General Shareholders' Meeting, with the quorum and majorities established in articles 194 and 201 of the aforesaid Act, as well as the requirement to draw up and make available to the shareholders a mandatory report by the directors justifying the amendment. Article 27 of the Articles of Associations and article 15 of the General Meeting Regulations set out the principle contained in article 194 of the Companies Act and establish that in order for an ordinary or extraordinary General Meeting to resolve validly on any amendment of the Articles of Association, the attendance, in person or through a representative, of shareholders holding at least fifty per cent of the share capital with voting rights is required on the first call. On the second call, twenty-five per cent of the aforesaid capital will be sufficient. Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions of the General Shareholders' Meeting, establishing, in the case of amendments to the Articles of Association, that each article or group of articles of sufficient entity is to be voted on separately.
Furthermore, in accordance with the provisions of article 33 of the Articles of Association and article 35 of the General Meeting Regulations, in order to pass resolutions on the matters indicated below (the "Reserved Matters"), a vote in favour by sixty-nine per cent (69%) of the Company's share capital is required on first call and a vote in favour by sixty-six per cent (66%) of the Company's share capital on second call:
(i) increase in share capital, the issue of debentures or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation of the power to pass resolutions on these matters to the Board of Directors;
(ii) reduction in share capital, except in cases where a reduction is mandatory by law;
(iii) the approval of any structure modification operations, such as transformation, merger, de-merger, global transfer of assets and liabilities and moving the Company's registered office abroad;
(iv) the approval of operations for the acquisition or disposal of essential assets in accordance with article 160.f) and article 511 bis of the Companies Act;
(v) the voluntary dissolution of the Company;
(vi) the modification of the number of members of the Board of Directors;
(vii) the exclusion of the Company's shares from trading on any securities market; and
(viii) the amendment of the Company's Articles of Association in relation to any of the Reserved Matters referred to above.

B.4. State data on attendance at general shareholders' meetings held during the year this report refers to and for the two previous years:

	Attendance data				
Date of general meeting	% shareholders present in person	% represented	% remote voting		Total
			Electronic voting	Other	
03/05/2017	60.30	7.70	0.00	0.00	68.00
Of which floating capital	0.00	0.00	0.00	0.00	0.00
20/02/2018	8.54	75.53	0.00	0.00	84.07
Of which floating capital	0.02	22.25	0.00	0.00	22.27
27/06/2018	2.80	76.51	0.00	0.00	79.31
Of which floating capital	0.01	22.26	0.00	0.00	22.27
08/05/2019	1.36	86.75	0.00	0.00	88.11
Of which floating capital	0.79	11.42	0.00	0.00	12.21

B.5. State whether any item on the agenda of the general shareholders' meetings held during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. State whether there are any restrictions in the Articles of Association requiring a minimum number of shares in order to attend the general meeting, or to vote remotely:

[ ] Yes
[√] No

B.7. State whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, or contribution to another company of essential assets or similar corporate operations must be submitted for approval to the general shareholders' meeting:

[ ] Yes
[√] No

B.8. State the address and method for accessing the company's website to access information on corporate governance and other information on general shareholders' meetings that must be made available to shareholders through the company's website:

www.fluidra.com
Following the route to SHAREHOLDERS AND INVESTORS, among other options the following will appear:
STOCK EXCHANGE INFORMATION
FINANCIAL INFORMATION
RELEVANT EVENTS
INVESTOR AGENDA
CORPORATE GOVERNANCE
CONTACT

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general shareholders' meeting:

Maximum number of directors	12
Minimum number of directors	12
Number of directors established by the General Meeting	12

There are no observations in this regard.

C.1.2 Complete the following table on members of the board:

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr GABRIEL LÓPEZ ESCOBAR		Independent	LEAD INDEPENDENT DIRECTOR	30/10/2014	08/05/2019	GENERAL MEETING RESOLUTION
Mr JOSÉ MANUEL VARGAS GÓMEZ		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BERNARDO CORBERA SERRA		Proprietary	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr OSCAR SERRA DUFFO		Proprietary	VICE-CHAIRMAN	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ		Independent	DIRECTOR	05/05/2015	08/05/2019	GENERAL MEETING RESOLUTION
Mr ELOY PLANES CORTS		Executive	CHAIRMAN-CEO	31/10/2006	03/05/2017	GENERAL MEETING RESOLUTION

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
PIUMOC INVERSIONES, S.L.U.	Mr BERNAT GARRIGOS CASTRO	Proprietary	DIRECTOR	27/06/2018	27/06/2018	GENERAL MEETING RESOLUTION
Mr SEBASTIEN SIMON MAZELLA DI BOSCO		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRUCE WALKER BROOKS		Executive	CO-CEO	02/07/2018	02/072018	GENERAL MEETING RESOLUTION
Mr MICHAEL STEVEN LANGMAN		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Ms ESTHER BERROZPE GALINDO		Independent	DIRECTOR	06/09/2019	06/09/2019	CO-OPTATION
Mr BRIAN MC DONALD		Independent	DIRECTOR	06/09/2019	06/09/2019	CO-OPTATION

Total number of directors	12

State any directors that have left the board, either through resignation, removal or any other reason, during the reporting period:

Name of director	Type of director at time of leaving	Date of last appointment	Date director left	Specialized committees on which director served	State whether director left before end of term
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	Independent	03/05/2017	05/09/2019	Audit Committee	NO
Mr RICHARD J. CATHCART	Independent	03/05/2017	05/09/2019	Appointments and Remuneration Committee	NO

Reason for leaving and other observations

There are no observations.

C.1.3 Complete the following tables concerning board members and their categories:

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
Mr ELOY PLANES CORTS	Chairman - CEO	Eloy Planes Corts was born in Barcelona in 1969. Holder of a Degree in Industrial Engineering from the Polytechnic University of Catalonia (UPC) and a Master's Degree in Business Management from EADA. A member of the second generation of one of the founding families, Eloy Planes joined Fluidra (then "Astral") as R&D Manager in 1994 and in 1998 was appointed as Logistics Manager and then as General Manager of AstralPool España, leading the mergers of different commercial companies in Spain and gaining in-depth knowledge of the business. In 2000, Eloy took on the General Management of AstralPool, continuing with the expansion of the business in international markets. In 2002, the family group took a decisive step: under the leadership of Eloy Planes as General Manager, the Fluidra group was created (under the name of "Aquaria"), bringing together the pool production and distribution companies. Banco Sabadell acquired 20% of the share capital and joined the four owner families. Eloy led the change in logistical model. In 2006, Fluidra reached its current size with the incorporation of four previously independent partners. In the same year, Eloy Planes was appointed CEO of the Fluidra group, leading the company to significant milestones: its flotation in 2007, its restructuring in 2008/09, accompanied by an acceleration of the internationalization process in the commercial aspect and the application of lean management in the industrial part of the group. In 2016, Eloy took on the role of Executive Chairman of Fluidra. In that same year he created the Fluidra Foundation. In 2017 a major transformational corporate operation lead by Eloy was announced: the merger with US company Zodiac, which was completed in July 2018. Eloy is Executive Chairman of the Board of Directors of Fluidra, world leader in Pools and Wellness. He is also the President of the Barcelona International Pool Trade Show and of the Catalunya Cultura Foundation.
Mr BRUCE WALKER BROOKS	Co-CEO	Bruce W. Brooks holds a Degree in Marketing from the University of Virginia. Bruce brings significant experience in international management to Fluidra, after more than 20 years at Black & Decker Corporation. In 1986, shortly after obtaining his degree, he started his career at that company, where he held a number of different posts over the years, including group vice-president, president of the consumer product group, president of construction tools and vice-president of mechanical tools. In 2011, he joined Zodiac Pool Solutions where he held the post of CEO. During his time at Zodiac, Bruce took the company to an approach focused on the residential pool market, thus leading the company's financial resurgence after 2011. In 2016, Bruce oversaw the successful transition of ownership from the Caryle Group to the Rhône Group and in 2018 he played a decisive role in in the plan to integrate with Fluidra.

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
		Throughout his career, Bruce has shown great skill in the management and development of existing companies as well as in their expansion into new markets, at both domestic and international level and is highly valued for his strategic reasoning and his capacity to develop and execute systems and processes with the successful attainment of short and long-term goals. Bruce holds the post of co-CEO and is also a member of the Board of Directors of Fluidra.

Total number of executive directors	2
% of total board	16.67

There are no observations.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr JOSÉ MANUEL VARGAS GÓMEZ	RHÔNE CAPITAL LLC	José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also held the posts of CEO and Financial Director of Vocento and as a director of ABC. Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group). José Manuel has served on a number of boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED. He is also a chartered accountant. In addition to Fluidra, Mr Vargas is currently a member of the Board of Directors of Maxam.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	Born in Barcelona in 1965, he holds a Degree in Business Science from E.S.E.I. and has completed the IESE Senior Executive Programme. In the past he has held several posts in the Fluidra Group. In particular, he started his career at Astral Export, S.A. where he was responsible for expansion in Africa, the Middle East and Central America. In 1993, he moved to the USA where he took on the market study and subsequent implementation of Astral Products and Polytank in that country. In 1999, he joined Astral Grup with responsibility for North America and Mexico and was appointed as a member of the Executive Committee. In 2000 he was appointed to the Board of Directors of Fluidra, and CEO of Edrem, S.L., a family investment company. In addition, he manages and is a member of the board of several family businesses or in which he is a significant investor.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	Born in Barcelona in 1962. He obtained a Degree in Business Administration from Management School in 1981. He started his career in the marketing area of several family businesses, notably La Casera and Schweppes. In 1989 he joined the Commercial department of Plasteral, taking responsibility for the Spas division. Throughout his career he has worked in the areas of marketing and communication. At present, he does not provide services for the Fluidra Group, focusing his professional activity on the management of several real estate, communication and family companies. He is the chairman of the Board of Directors of Boyser, S.L.
PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	The natural person acting as representative of Piumoc Inversions, S.L.U. in exercising the post of Director is Mr Bernat Garrigós Castro, whose profile is as follows: Born in Barcelona in 1967. He obtained a Degree in Biology from the University of Barcelona in 1991, and later, in 1994, studied for a Master's Degree in Environmental Management at Duke University and an Executive Development Programme organized by IESE Business School. Since 2004, Bernat has managed Aniol, S.L. He is currently involved in several projects involving new technologies. His career in the Fluidra Group has included posts in several companies. From 1995 to 1998 he was Product Manager at Astral Grup and subsequently, until 2002, held the post of Production Manager at Servaqua, S.A. Bernat is CEO of Aniol, S.L.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	RHÔNE CAPITAL, LLC	Mr Sébastien Mazella di Bosco joined Rhône in 2005 and became Managing Director in 2013. Previously, he had worked at the investment banking department of Lazard Frères in New York, specializing in mergers, acquisition and North American and transatlantic capital markets in the consumer, food and retail sectors. During his fourteen years at Rhône, he has participated in the detection, execution and monitoring of investments in a wide range of sectors, such as industry, packaging, aviation, services and the consumer sector. He also covers the French and Benelux markets. He currently serves on the Board of Fluidra (BME: FDR) and monitors Rhône's investment in Vista Global Holding. Previously he also held posts on the Boards of Ranpak, Arizona Chemical and Eden Springs. He graduated from the HEC School of Management and obtained a Degree in Philosophy from the Sorbonne in Paris.
Mr MICHAEL STEVEN LANGMAN	RHÔNE CAPITAL, LLC	Mr Langman cofounded Rhône in 1996 and has led the day to day management of the company since it started. Rhône is a private equity, real estate and venture capital alternative asset manager. Mr Langman is a partner, manager and general director of Rhône. Prior to Rhône, he was managing director at Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, he worked at the mergers and acquisition department of Goldman Sachs. He has more than thirty years' experience in financing, analysing and investing in public and private companies. As well as his post on the board of Fluidra, S.A., he currently serves on the board of CSM Bakery Solutions, Hudson's Bay Company, Maxam and Vista Global Holding. He is also a director and advisor to several philanthropic and educational institutions. He received a Degree with highest honours from the University of North Carolina at Chapel Hill and has a Master's Degree from the London School of Economics.

Total number de proprietary directors	6
% of total board	50.00

There are no observations.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
Mr GABRIEL LÓPEZ ESCOBAR	Born in Madrid in 1956, he holds a Degree in Business Science, a Master's Degree in Economic Sciences and a Postgraduate Diploma in Economic Science Studies and European Studies from the University of Nancy (France). He is registered in the Official Register of Auditors and on the Roster of the US Public Company Accounting Oversight Board (PCAOB). He joined PwC in 1984 and was a partner of the firm until 2014. He has extensive experience in all kind of auditing, financial advising and financial investigation services. He has been responsible for auditing major Spanish groups as well as the subsidiaries of international groups, providing his services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/SEAT. During his final years at the Firm he was also Chairman of the Supervision Committee of PwC Spain. In 2015 he served as advisor to the Family Board of Grupo Empresarial Fuertes, S.L. He has been an advisor on the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A. since May 2018. He has been an independent director of Fluidra since October 2014, and since September 2019 has returned to his post as Chairman of its Audit Committee. He has been Lead Independent Director of Fluidra since 2016.
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE. In a career spanning 22 years at Danone he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12 B€ and present in more than 50 countries. At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Puig and Fluidra.
Ms ESTHER BERROZPE GALINDO	Ms Esther Berrozpe was president for Europe, the Middle East and Africa at Whirlpool Corporation and executive vice-president of the company, world leader in the household electrical goods sector, which in 2018 had annual sales of 21 billion dollars, 92,000 employees and 65 production, research and development centres. She holds a degree in Economics and Business Science from Deusto University in San Sebastián. She led the company's integration and transformation process following the acquisition of Indesit Company by Whirlpool in 2014. Esther has extensive international experience of more than two decades in consumer good companies and has held positions of responsibility both in Europe and the USA. She has also worked for Paglieri, Sara Lee and Wella Group. She also has considerable experience in brand consolidation in the industrial and logistics area, as well as in talent management and change culture, and in mergers and acquisitions. In addition to her post on the board of Fluidra, she is and independent director of the companies Pernod Ricard, Roca Corporación Empresarial and Ontex Group.
Mr BRIAN MCDONALD	Mr Brian McDonald was CEO of RGIS from 2014 to 2017. RGIS is the world's leading inventory management company, a 680-million-dollar business with 53,000 associates in 30 countries around the world. Before joining RGIS, Brian was executive vice-president and operations directors at Tyco International, where he had direct responsibility for its fire and security installation and services division valued at 7.8 billion dollars. Brian worked at Tyco for more than 10 years in different roles, including Sales Director, Vice-President of Field Operations, Vice-President of Southern Operations and Managing Director of ADT United Kingdom/Ireland. Before joining Tyco, Brian held several executive positions with the UTC Power and Otis Elevator units of United Technologies.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
	He has a Degree in Physics from the US Naval Academy and MBA in Operations management from the University of Virginia Darden Graduate School of Business. On graduating from the Naval Academy, Brian served for 5 years as a lieutenant and division officer aboard a US Navy aircraft carrier, overseeing its nuclear systems.

Total number of independent directors	4
% of total board	33.33

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a reasoned statement from the board regarding the reasons why it considers that the director in question can carry out his duties as an independent director.

Name of director	Description of relationship	Reasoned statement
No data		

There are no observations.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors, as well as their ties whether with the company, its management or its shareholders:			
Name of director	Reasons	Company, director or shareholder with which the director has ties	Profile
No data			

Total number of other directors	N.A.
% of total board	N.A.

State the changes, in any, in the category of each director during the period:

Name of director	Date of change	Former category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary			1	1	0.00	0.00	25.00	20.00
Independent	1				25.0	0.00	0.00	0.00
Other					0.00	0.00	0.00	0.00
Total	1		1	1	8.33	0.00	11.11	10.0

C.1.5 State whether the company has diversity policies in relation to the board of directors of the company on such matters as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, as defined in the Auditing Act, must disclose at least the policy they have implemented in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

If such diversity policies exist, describe them, their goals, the measures and the way in which they have been applied and the results obtained during the year. Also state the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of policies, goals, measures and how they have been applied, as well as the results obtained

The Fluidra Board of Directors Regulations establish that the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and co-optation to fill vacancies, shall strive to ensure that external or non-executive directors represent an ample majority over executive directors, in the composition of the board. Furthermore, the number of independent directors should represent at least one third of the total number of directors.

The Board of Directors Regulations also establish that the Appointments and Remuneration Committee is responsible for evaluating the necessary skills, knowledge and experience on the Board, defining as a result the functions and aptitudes required in the candidates to fill vacancies, evaluating the time and dedication required for them to fulfil their duties. It should also establish representation targets for the least-represented sex on the board, drawing up guidelines on how to reach this target. The candidates selected should be individuals of renowned solvency, skill and experience.

The Appointments and Remuneration Committee ensures that selection procedures do not suffer from implicit bias that could lead to discrimination on account of age, gender or training.

Candidates must be persons whose appointment favours diversity in profession, knowledge, nationality and gender on the Board of Directors. Thus, diversity includes not just gender but also the combination of other factors, such as skills, knowledge and experience in order to give value to the Company.

On 5th September 2019, two of the independent directors of Fluidra formalized their resignation after 12 years in the post, as the provisions of the Board of Directors Regulations establish that independent directors who have held their post for an uninterrupted term of 12 years must tender their resignation.

In the process to select the new Board members, the Appointments and Remuneration Committee explicitly informed the external consultant engaged to carry out the entire selection process that the female gender prevailed if the candidate met the required profile in terms of experience, knowledge and skills, in order to foster gender diversity. As a result of the interest shown throughout the selection process, Ms Esther Berrozpe, a professional of many years' international experience and with extensive experience in business mergers and consolidations in the industrial area and in the consolidation of trademarks, joined the Company's Board of Directors. As far as the other vacancy is concerned, after interviewing a significant number of candidates with very good profiles, most of them female, Mr Brian McDonald was finally selected as he was the candidate who best matched the professional and skills profile that the Company required. The aim of the Appointments and Remuneration Committee is to continue increasing female representation on the Board thus making it more diverse as vacancies arise in the future.

C.1.6 Explain any measures approved by the Appointments Committee in order for selection procedures to be free of any implicit bias that hinders the selection of female directors, and in order for the company to search deliberately for women who meet the professional profile that is sought and include them among potential candidates and reach a balanced presence of men and women:

Explanation of measures

In its criteria for the selection and appointment of Directors approved by the Board of Directors, Fluidra establishes that the company will take gender diversity into consideration in choosing directors, with the object of ensuring equality of opportunity as indicated in the Equality Act (22nd March 2007), Royal Decree-Act 18/2017, of 24th November, amending the Code of Commerce, the Companies Act (Consolidating Act) approved by Royal Legislative Decree 1/2010, of 2nd July, and Act 22/2015, of 20th July, on Accounts Auditing with regard to non-financial and diversity reporting. Similarly, Fluidra will strive to achieve in its Board of Directors, not only gender diversity, but also geographical diversity and diversity of age and professional experience. Accordingly, in the selection process, candidates will be evaluated under criteria of equality and objectivity, avoiding explicit bias that could lead to discrimination and, in particular, hinder the selection of female directors.

In the selection process mentioned in section C.1.5 above carried out by the Appointments and Remuneration Committee, the external advisor was expressly asked to include women with the suitable profile among the candidates to cover the vacancies, in order to give priority to their incorporation if they met the required professional and skills profile in order to further enhance the diversity of knowledge, professional experience and skills on the board. For one of the vacancies it was possible to appoint a female candidate, but this was not the case in the other vacant position as the female candidates did not have a comparable or superior skills profile or knowledge than the candidate who was finally selected.

If there are few or no female directors despite any measures adopted, describe the reasons for this:

Explanation of reasons

One of the goals of the Appointments and Remuneration Committee in relation to the director selection policy is to promote the target of having a number of female directors representing at least 30% of the total board members. Evidence that the measures taken in relation to the selection of female director are reaching the proposed goas is that one of the two vacancies in 2019 was covered by a woman.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. In particular, explain how said policy is promoting the goal that the number of female directors should represent at least 30% of the total number of members of the board of directors by 2020.

The Appointments and Remuneration Committee oversees compliance with the director selection policy for the purpose of ensuring that selection processes take into consideration gender diversity balanced with other criteria of the profile being sought such as knowledge, experience and solvency. As discussed in sections C.1.5 and C.1.6, the Appointments and Remuneration Committee is working with the aim of implementing in full a direct selection policy that will promote the target set of increasing the number of female directors.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding is less than 3% of share capital:

Name of shareholder	Justification
No data	

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If applicable, describe the reasons why such petitions have not been answered:

[ ] Yes
[√] No

C.1.9 State any powers and faculties delegated by the board of directors to CEOs or committees of the board:

Name of director or committee	Brief description
ELOY PLANES CORTS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Eloy Planes, who has been legally appointed as CEO of the Company.
BRUCE WALKER BROOKS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Bruce Walker Brooks, who has been legally appointed as CEO of the Company.

C.1.10 Identify any members of the board who are directors, representatives of directors or officers of other companies that form part of the listed company's group:

Name of director	Name of group company	Position	Does he/she have executive duties?
Mr ELOY PLANES CORTS	ASTRAL NIGERIA, LTD	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA INDUSTRY, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	FLUIDRA COMMERCIAL, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	INNODRIP, S.L.	Director	NO
Mr ELOY PLANES CORTS	FLUIDRA FINCO, S.L.U.	JOINT CEO	YES

C.1.11 Identify the directors of your company or representatives of directors that are legal entities, if any, who are members of the board of directors of other companies listed on official securities markets other than group companies that have been reported to your company:

Name of directors	Name of listed company	Position
Mr MICHAEL STEVEN LANGMAN	HUDSON'S BAY COMPANY	DIRECTOR
Ms ESTHER BERROZPE GALINDO	PERNOD RICARD	DIRECTOR
Ms ESTHER BERROZPE GALINDO	ONTEX GROUP	DIRECTOR

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C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of boards on which directors may serve, identifying, where appropriate, where this is regulated:

[ ] Yes
[√] No

C.1.13 State the following items relating to the total remuneration of the board of directors:

Remuneration of the board of directors accrued in the year (thousand euros)	6,587
Amount of vested pension rights for present directors (thousand euros)	401
Amount of vested pension right for former directors (thousand euros)	

Of the amount shown above in respect of vested pension rights for present directors, xxx thousand euros accrued in 2019.

C.1.14 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the year:

Name	Position
Mr TROY FRANZEN	BUSINESS GENERAL MANAGER
Mr JOE LINGUADOCA	OPERATIONS GENERAL MANAGER
Mr KEITH MCQUEEN	DEVELOPMENT AND INNOVATION GENERAL MANAGER
Mr CARLOS FRANQUESA CASTRILLO	BUSINESS GENERAL MANAGER

Name	Position	
Mr JUAN JOSÉ MASOLIVER MORENO DE LA VEGA	EMEA POST-SALES MANAGER	
Mr JAVIER TINTORÉ SEGURA	CORPORATE FINANCE GENERAL MANAGER	
Mr NICOLÁS MARTÍNEZ FERNÁNDEZ	CORPORATE AUDIT MANAGER	
Ms AMALIA SANTALLUSIA AGUILAR	GENERAL HR MANAGER	
Total senior management remuneration (in thousand euros)		4,023

C.1.15 State whether the board regulations have been amended during the year:

[ ] Yes
[√] No

C.1.16 State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each procedure.

The Board of Directors will be made up of twelve (12) members.
The General Meeting shall strive to ensure, to the extent possible, that in the composition of the Board of Directors the number of external or non-executive directors constitutes an ample majority compared to executive directors. Furthermore, the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage shareholding of the executive directors in the Company's capital. Finally, the number of independent directors should represent at least one third (1/3) of the total directors.
The definitions of the different categories of directors will be as established in the Companies Act from time to time. In the event that there is an external director who cannot be considered to be either a proprietary or an independent director, the Company will explain this circumstance and the director's ties either with the Company or its officers, or with its shareholders.
The category of each director must be explained by the Board to the General Shareholders' Meeting that is to make or ratify each director's appointment.
Appointment of Directors:
Article 17.1 of the Board Regulations establishes that directors will be appointed (i) at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and (ii) following a prior report by the Appointments and Remuneration Committee in the case of all other directors; by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions contained in the Companies Act. The proposal for appointment or re-election must be accompanied by a justificatory report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or Board meeting. This will also apply to the natural persons that are designated as the representatives of a director. The proposal of the natural person must be submitted for a report by the Appointments and Remuneration Committee. In relation to external directors, article 18 of the Board Regulations establishes that the Board of Directors will strive to ensure that the elected candidates are persons of acknowledged solvency, competence and experience, and must exercise particular rigour in relation to those persons who are called upon to fill the positions of independent director established in article 6 of the Board Regulations.
Re-election of Directors:
Article 19 establishes that before proposing directors to the General Meeting, the Board of Directors will evaluate the quality of the work and dedication to the position of the proposed director during the preceding term of office.
Evaluation of Directors:
In accordance with the provisions of article 14 of the Board of Directors Regulations, the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience in the Board and will define, consequently, the functions and aptitudes necessary in the candidates who are to fill each vacancy and will evaluate the time and dedication required for them to carry out their duties properly.
Removal of Directors:
Article 21.1 of the Board Regulations establishes that directors will be removed from their post when the period for which they were appointed has ended and when the General Meeting so decides making use of the faculties conferred on it by law or the Articles of Association. Reference should therefore be made to the situations established in the Companies Act, specifically in article 223 and following.
The Board of Directors may only propose the removal of an independent director before the end of the term established in the Articles of Association when there is due cause, observed by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause will be deemed to exist when the director has failed to comply with the inherent duties of the position or has incurred in the course of the term of office in any of the circumstances of impediment described in the definition of independent director established in the Companies Act.

C.1.17 Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organization and to the procedures applicable to its activities:

Description of changes

In accordance with article 14 of the Board Regulations, the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience on the Board and will define the necessary duties and aptitudes of the candidates to fill each vacancy accordingly, and will evaluate the time and dedication required in order to discharge the duties well. In 2018, the Appointments and Remuneration Committee was assisted by an external consultant, Seeliger y Conde, with the aim of analysing and evaluating the new composition and operation of the Board and its committees following the merger of Fluidra with the Zodiac group. The external consultant concluded that the performance of the Board of Directors was positive, indicating certain areas of improvement in the way the Board works which have been implemented in the course of 2019 for the purpose of continuing with the integration of new directors, although they have not involved important changes in internal organization or in the procedures applicable to its activities. The evaluation of the Board of Directors has also made it possible to identify the professional profiles that joined the Board in 2019 to cover the two independent director vacancies.
In 2019, the evaluation of the Board was carried out by the Appointments and Remuneration Committee without the participation of any external consultants. The conclusions reached were that the performance of the Board of Directors is positive, and that the integration of the new directors has been completed successfully.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of evaluation process and areas evaluated

The evaluation of the Board of Directors was carried out without the participation of an external consultant and taking into account not only the recommendations of the Good Governance Code for Listed Companies but also international good governance best practice. The aim of this evaluation was to analyse the operation and composition of the new Board of Directors. The evaluation process and the areas evaluated were as follows:
- Operational evaluation and day-to-day working of the Board
- Evaluation of the Board's practices and tasks
- Individual and collective evaluation of the Board's performance
The aspects evaluated were the operation of the Board of Directors and its committees, the quality of the Board and its composition, evaluating the professional and functional experience and soft skills of members, in order to offer individual feedback to maximize the contribution of the evaluation.

C.1.18 In years when the evaluation has involved the assistance of an external advisor, detail any business relationship that the consultant or any company of its group have with the company or any of the group companies.

In 2018 the evaluation was carried out by the external consultant Seeliger y Conde.

C.1.19 State the circumstances in which the resignation of directors is mandatory.

In accordance with article 21.2 of the Board Regulations, directors must offer their resignation to the Board of Directors, formalizing their resignation if the Board so decides, in the following cases:
a) When they cease to hold the executive position to which their appointment as director was associated.
b) When they incur in any of the situations of incompatibility or prohibition established by law.
c) When they are severely reprimanded by the Board of Directors because of breaching their obligations as directors.
d) When their continued presence on the Board could jeopardize or damage the Company's interests, credit or reputation or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of its shareholding in the Company).
e) In the case of independent directors, they may not remain in their position as such for a continued period of more than 12 years, and therefore at the end of that term they must offer their resignation to the Board of Directors.
f) In the case of proprietary directors (i) when the shareholder they represent sells the shareholding in full and; furthermore (ii) in respect of the corresponding number, when the aforesaid shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.
- Article 21.3 also establishes that, in the event that a director ceases to hold his position before the end of the term of office, due to resignation or any other reason, the aforesaid director must explain the reasons in a letter which will be sent to all the members of the Board.

C.1.20 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

[√] Yes
[ ] No

If so, describe the differences.

Description of differences

The Shareholders Agreement formalized on 03/11/2017, reported in Relevant Event notice no. 258222, establishes certain qualified majorities in order to pass certain resolutions by the Board. These qualified majorities are also established in article 42 of the Articles of Association and article 16 of the Board Regulations.

In this regard, in accordance with the provisions of article 16.4 of the Board Regulation, the majorities indicated below will be required in order to pass resolutions on the following matters ("Reserved Matters"):
(i) The removal of the Secretary to the Board of Directors will require that at least seven (7) members of the Board vote in favour;
(ii) The removal of any member of Senior Management will require that at least seven (7) members of the Board vote in favour provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour;
(iii) The admission of the Company's shares for trading on the New York Stock Exchange or any comparable market that grants efficient access to capital markets will require that the resolution be passed (i) with the vote in favour of at least seven (7) members of the Board provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour or (ii) with the unanimous vote of all the members of the Board of Directors other than the proprietary and executive directors proposed by either of the two groups of majority shareholders in the Company existing on the date of these Regulations (i.e. eight (8) of the twelve (12) directors);
(iv) The following reserved matters will require that at least nine (9) members of the Board vote in favour:
a. the appointment and removal of the Chairman of the Board of Directors;
b. the appointment and removal of the CEO;
c. the delegation of faculties by the Board to the Executive Committee, and the appointment of any of its members;
d. the appointment of the Secretary of the Board of Directors;
e. the appointment of any member of Senior Management,
f. any change in the list of positions that make up Senior Management;
g. additional long-term borrowing by the Company or any group company to the extent that such long-term borrowing means that the ratio of long-term net debt to consolidated adjusted EBITDA is more than 3:1 and
h. the modification of the number of members of Board committees.
For the purposes of this section, "Senior Management" will be understood to refer to persons who hold the post of Financial General Manager, General Manager for Europe, Asia, Latam and the Southern Hemisphere, Operations General Manager or General Manager for the Americas. The Board of Directors may modify the definition of "Senior Management" at any time.

C.1.21 Explain whether there are specific requirements, other than the requirements relating to directors, in order to be appointed chairman of the board of directors:

[√] Yes
[ ] No

Description of requirements

In accordance with the provisions of article 8 of the Board Regulations, the Chairman of the Board of directors will be elected out of the Board members with the favourable vote of at least nine (9) Board members, as established in the Company's Articles of Association, following a report from the Appointments and Remuneration Committee. The removal of the Chairman of the Board will require that the corresponding resolution be passed with the favourable vote of at least nine (9) members of the Board.

C.1.22 State whether the Articles of Association or the Board regulations establish any age limit for directors:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board regulations establish any limit on the term of office or other stricter requisites in addition to those established by law for independent directors, that is different from the term established by regulatory provisions:

[ ] Yes
[√] No

C.1.24 State whether the Articles of Association or the Board regulations establish specific rules for proxy voting at Board meetings through other directors, the manner of doing so and, in particular, the maximum number of delegations that a director may hold, as well as whether any restriction has been established regarding the categories of directors who may be delegated, beyond the restrictions imposed by legislation. If so, briefly describe such rules.

As established in article 16 of the Board Regulations, Directors shall make every effort to attend Board meetings and when it is impossible for them to attend in person, they will grant representation in writing, on a special basis for each meeting, appointing another member of the Board as proxy with the pertinent instructions and notifying the Chairman of the Board of Directors of this. Non-executive directors may only delegate another non-executive director to represent them.

C.1.25 State the number of meetings that the board of directors has held during the year. In addition, specify the number of times the board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	10
Number of board meetings at which the Chairman was not in attendance	0

State the number of meeting held by the lead independent director with the other directors, at which no executive director was present or represented:

Number of meetings	0

State the number of meetings held by the different committees of the board during the year:

Number of meetings of the Audit Committee	7
Number of meetings of the Appointments and Remuneration Committee	9
Number of meetings of the Executive Committee	3

C.1.26 State the number of meetings that the board of directors has held during the year and data on attendance of its members:

Number of meetings at which at least 80% of the directors were present in person	10
% of personal attendance with respect to total votes during the year	100.00
Number of meetings at which all directors were present in person or represented by proxies with specific instructions	10
% of votes cast by directors present in person or represented by proxies with specific instructions compared to total votes during the year	100.00

C.1.27 State whether the individual and consolidated annual accounts that are submitted to the board are previously certified:

[ ] Yes
[√] No

Identify, if applicable, the person/persons that has/have certified the individual and consolidated annual accounts of the company for preparation by the board:

C.1.28 Explain the mechanisms, if any, established by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

As established in article 38.3 of the Board Regulations, the Board of Directors will strive to draw up the accounts definitively in such a way that they do not give rise to qualifications by the auditor. In exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the external auditors will explain clearly to the shareholders the content of such reservations and exceptions. However, when the Board considers that it should uphold its criteria, it will explain publicly the content and scope of the discrepancy.

C.1.29 Is the secretary of the board a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
Mr ALBERT COLLADO ARMENGOL	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

To preserve the independence of the external auditors:

Article 13 of the Board Regulations establishes that the Audit Committee has the following functions in relation to the external auditor or audit firm:
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of external auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal;

- To handle and supervise relations with the auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.

- It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities and the professional fees received from them by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on Auditing.

- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or with legislation regulating auditing.

- To receive information on a regular basis from the auditor or audit firm on the audit plan and the results of the audit and verify that senior management has taken their recommendations into account;

- To ensure the independence of the auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal rules in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the auditor or audit firm the circumstances causing it be examined.

- In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

In turn, article 54 of the Company's Articles of Association establishes that the auditors are to be appointed by the General Meeting before the end of the financial year that is to be audited, for an initial term, which may not be less than three years nor more than nine years, as of the date on which the first financial year to be audited commences, notwithstanding the provisions established in the legislation regulating the audit activity with regard to the possibility of an extension.

The General Meeting may appoint one or several natural or legal persons who will act jointly.

When the persons appointed are natural persons, the General Meeting must appoint as many alternates as principal auditors.

The General Meeting may not revoke the auditors' appointment before the end of the term for which they were appointed, unless there is due cause.

The Audit Committee will refrain from proposing to the Board of Directors, and the latter in turn will refrain from submitting to the General Meeting, the appointment as auditor of the Company's accounts of any firm that incurs in a cause of incompatibility under legislation on auditing as well as any firms in which the fees to be paid to them by the Company, for all services, are more than five per cent of its total revenues during the last financial year.

To preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains relations with financial analysts and investment banks in which it ensures the transparency, non-discrimination, veracity and reliability of the information provided. Corporate Financial General Management, through Investor Relations Management, is responsible for co-ordinating relations with and handling requests for information from institutional or private investors. The mandates to investment banks are granted by Corporate Financial General Management while Analysis and Planning Management handles the work with such banks.

In 2018 the Company obtained credit ratings from Moody´s and Standard & Poor´s, which are published on the company's website and were duly reported to the market through Relevant Event notices number 261590 and number 268995. These credit ratings from Moody's and Standard & Poor's were updated and confirmed respectively on 15th February and 9th July 2019.
The independence of financial analysts is protected by the existence of Investment Relations Management which is specifically dedicated to dealing with them, guaranteeing objective, equitable and non-discriminatory treatment among investors. To guarantee the principles of transparency and non-discrimination, and complying at all times with the regulations on the Securities Market, the Company has several communication channels:

. Personalized attention to analysts and investors

. Publication of information on quarterly results, relevant events and other communications. Publication of press releases.

. E-mail on the website (investor_relations@fluidra.com, accionistas@fluidra.com) . Shareholder information telephone service (34 937243900)

. Presentations, both face-to-face and by telephone. Visits to the Company's premises

All this information is accessible through the Company's website (www.fluidra.com).

C.1.31 State whether the Company has changed the external auditor. If so, identify the incoming and outgoing auditor:

[ ] Yes
[√] No

If there has been any disagreement with the outgoing auditor, explain the content of such disagreements:

[ ] Yes
[√] No

C.1.32 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees received for such work and the percentage this represents of the fees billed to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount of other non-audit work (thousand euros)	74	12	86
Amount of non-audit work / Amount of audit work (%)	43.00	1.00	6.00

C.1.33 State whether the audit report on the annual accounts for the previous year has observations or qualifications. If so, state the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

[ ] Yes
[√] No

C.1.34 State the number of years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also state the percentage that the number of years audited by the current audit firm represents with respect to the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without a break	4	4

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group has been audited (%)	25.00	22.20

C.1.35 State whether there is a procedure to ensure directors have the necessary information to prepare meetings of management bodies sufficiently in advance and, if so, describe it:

[√] Yes
[ ] No

Description of the procedure

Fluidra adopts the necessary measures so that directors receive, whenever possible, sufficiently in advance the necessary information, specifically drawn up and oriented in order to prepare the meetings of the Board and its Committees.
In this regard, in accordance with article 15 of the Board Regulations, notice of the meetings of the Board of Directors is to be issued at least five days in advance and will always include the agenda for the meeting and the information necessary to deliberate on and pass resolutions on the matters to be discussed included in the agenda, unless the meeting Board of Directors has been held or convened exceptionally for reasons of urgency. The Chairman, as the person responsible for the efficient operation of the Board, with the Secretary's collaboration will ensure that directors receive such information adequately. The Chairman of the Board of Directors may convene extraordinary meetings of the Board when in his opinion the circumstances so require, and in such cases the term of advance notice and other requisites indicated above do not apply. However, every effort will be made to ensure that any documentation that is to be provided to the Directors is delivered sufficiently in advance. Furthermore, Board meetings will be deemed valid without the need to have been previously convened if all the members are present or represented and agree unanimously to hold a meeting.
Furthermore, the Board and its Committees have an action plan that details and schedules the activities to be carried out each year, according to the competences and tasks assigned to them.
To provide all the information and clarifications necessary in relation to the matters discussed, the principal senior managers of the Group regularly attend the meetings of the Board and its Committees, to provide information on matters within their area of competence.
Furthermore, article 22 of the Board Regulations establishes as follows:
1. Any director may request information on any matter that falls under the competence of the Board and, in this regard, examine its books, records, documents and other documentation. The right to information extends to companies in which a stake is held, whenever possible.
2. The request for information should be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board of Directors and the appropriate person in the Company.
3. The Secretary will inform the director of the confidential nature of the information he or she requests and receives and of the duty of confidentiality in accordance with the Board Regulations.

C.1.36 State whether the company has established any rules requiring directors to inform the company and, as the case may be resign, in cases in which the credit and reputation of the company may be damaged, and, if so, provide a detailed description:

[√] Yes
[ ] No

Explain the rules

Article 32.2 of the Board Regulations establishes the obligation for directors to inform the Company in any cases that might damage the company's credit or reputation and, in particular, to inform the board of any criminal investigations in which they are involved as investigated persons, as well as the subsequent procedural phases, any disqualification procedures initiated against them, any near-insolvency economic situations of any trading companies in which they hold stakes or which they represent or, as the case may be, the commencement of insolvency proceedings against such companies.
This same article also establishes that in the event that a director is prosecuted or a court order is issued against a director for the commencement of a trial for any of the criminal offences listed in article 213 of the Companies Act, the Board will examine the case as soon as possible and, in light of its specific circumstances, will decide whether or not the director is to remain in office.

C.1.37 State whether any member of the board of directors has informed the company that he/she has been prosecuted or that an order for the commencement of a trial has been issued against that member for any of the criminal offences listed in article 213 of the Companies Act

[ ] Yes
[√] No

C.1.38 Describe the significant agreements entered into by the company that come into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39 Identify individually, when directors are involved, and on an aggregate basis in all other cases, and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or unfair dismissal, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	7
Type of beneficiary	Description of the agreement
Executive Chairman /CEO / Senior Managers	The Executive Chairman's contract establishes compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to two years' salary, based on the gross fixed annual salary received in the year termination occurs and the gross variable annual salary for the preceding year. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services.

Type of beneficiary	Description of the agreement
	The economic compensation established for the obligation undertaken by virtue of the non-compete clause is two years' fixed gross annual salary at the time of termination of the contract. The CEO's contract establishes compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to one year's salary, based on the gross fixed annual salary received in the year termination occurs and the gross target annual salary. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation deriving from the non-compete clause is included in the amount of the remuneration established for the director. Senior Managers: Two Senior Managers have a post contractual non-compete clause, one for a term of 18 months and the other for a term of 12 months after the end of provision of services. 15% of their fixed remuneration remunerates the obligation undertaken by virtue of the post-contractual non-compete clause. One Senior Manager is entitled to receive compensation in the event of termination of his contract by Fluidra for any reason, except in the event of fair dismissal, the amount of which is equal to one year's fixed gross annual salary at the time of termination. Three Senior Managers are entitled to receive compensation in the event of termination of their contract by the Group within 12 months following the date on which a change in control takes place, or at the manager's choice if such a change in control occurs, the amount of which is equal to one year's fixed gross annual salary as well as payment of medical insurance for a term of not more than 12 months payment of an outplacement service. One of the Senior Managers is also entitled to receive such compensation in the event that he decides to terminate this contract, provided that this is due to certain causes. One Senior Manager has a post-contractual non-solicitation clause for a term of one year after the end of provision of services, with no additional compensation to the established remuneration.

State whether, beyond the cases established by law, such contracts have to be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases envisaged and the nature of the bodies responsible for approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	√	

	Yes	No
Is the General Meeting informed of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Describe all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

Audit Committee		
Name	Position	Category
Mr GABRIEL LÓPEZ ESCOBAR	CHAIRMAN	Independent
Mr JOSÉ MANUEL VARGAS GÓMEZ	MEMBER	Proprietary
Mr BERNARDO CORBERA SERRA	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr BRIAN MC DONALD	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H.1.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the data of appointment of the chairman of this committee.

Name of directors with experience	Mr GABRIEL LÓPEZ ESCOBAR / Mr JOSÉ MANUEL VARGAS GÓMEZ / Mr BERNARDO CORBERA SERRA / Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ / Mr BRIAN MC DONALD
Date of appointment of chairman to that post	27/09/2019

Appointments and Remuneration Committee		
Name	Position	Category
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	CHAIRMAN	Independent
PIUMOC INVERSIONS, S.L.U.	MEMBER	Proprietary
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Ms ESTHER BERROZPE GALINDO	MEMBER	Independent

% executive directors	0.00
% proprietary directors	50.00
% independent directors	50.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H1. In addition:

Duties:
• Direct the definition of profiles of Board members and review them annually as part of the Board Evaluation.
• Direct the selection process for new members of the Board.
• Direct the evaluation of the Board, at least once a year, ensuring that suitable feedback is provided to the Board and its members individually.
• Lead the annual review of the Board and of the Committees, in order to guarantee that both the Board and the Committees have clear objectives that stay aligned with those of the Company as they evolve.
• Ensure that there are succession plans (or, at least, contingency plans) to guarantee leadership of the Board and senior management.
• Review compliance by the Board and the Committees in relation to their internal rules of operation at least twice a year and make sure the Board takes responsibility for such compliance.
• Carry out a prior review of the Human Resources Policies and Procedures that will be submitted to the Board. Specifically, in collaboration with senior managers of HR and the Executive Chairman / CEO, develop, evaluate and modify (when necessary) incentive and remuneration policies for executives, and benefits, both in annual plans and in long-term incentive plans. Encourage the company to implement, maintain and communicate these policies and procedures so that they fulfil the purpose of aligning people with the company's strategy and so that they can act as elements of motivation and retention. Ensure that the above is done in a suitable timeframe.
• Review the evaluations of the performance and remuneration policies of the management team.

The most important actions during the year were as follows:
- Proposal to the Board for approval of Executive Chairman / CEO and Board Compensation
- Remuneration Report 2018
- Corporate Governance Report 2018
- Follow-up of LTI 2018-2022
- Follow-up of Executive Chairman / CEO Succession Plan
- Follow-up of Executive Chairman / CEO's annual objectives
- Evaluation of the performance of the Board and its committees.
- Selection process and proposal for appointment of two new independent directors.

Executive Committee		
Name	Position	Category
Mr OSCAR SERRA DUFFO	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr ELOY PLANES CORTS	CHAIRMAN	Executive
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Mr BRUCE WALKER BROOKS	MEMBER	Executive

% executive directors	40.00
% proprietary directors	40.00
% independent directors	20.00
% other external directors	0.00

Explain the duties assigned to this committee and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

Notwithstanding the delegation of faculties to an executive officer and the powers of attorney that may be granted to any person, the Board of Directors may designate an Executive Committee. The Executive Chairman and the CEO will in any case be part of the Executive Committee. The Executive Chairman will act as Chairman of the Executive Committee. The Secretary of the Executive Committee will be appointed by the Executive Committee and may be a Director or someone who is not. The Executive Committee will meet as often as it is convened by the Chairman of this Committee or by the CEO. Resolutions of the Executive Committee meeting by video conference, multiple telephone conference call or other remote communication techniques will be valid, provided that none of the Committee members objects to this procedure, they have the necessary means for this purpose and can recognize each other, which point must be stated in the meetings of the Committee meeting. In that case, a single meeting will be deemed to have been held at the registered office. The meetings of the Executive Committee will be quorate when a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. In the event that the Executive Committee were not to approve any of the decisions submitted to it for consideration, the Chairman of this Committee may submit any resolutions not passed to the consideration of the Board of Directors, whenever he considers it appropriate in light of the relevance of the matter. The Secretary will draw up minutes of each of the meetings of the Executive Committee, both in English and in Spanish, and will report punctually to the Board on the matters discussed and the decisions adopted at its meetings. The Secretary shall also deliver a copy of the minutes to each one of the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting speak fluent Spanish, in which case the meeting will be held in Spanish.

C.2.2 Complete the following table with information regarding the number of female directors on the committees of the board of directors at the end of the last four years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	1	25.00	0	0.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and any amendments made during the year. Also state whether any annual report on the activities of each committee has been prepared voluntarily.

APPOINTMENTS AND REMUNERATIONS COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 14), which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Appointments and Remuneration Committee.
AUDIT COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 13) and in the Internal Conduct Regulation, which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Audit Committee.
EXECUTIVE COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 12), which are published both at the CNMV and on the Company's website.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain any procedure and the competent bodies for the approval of related-party and intragroup transactions.

Transactions with related parties that take place in the context of the sale or purchase of materials and products in the normal course of operations or rental of premises owned by related parties are verified at the end of the year, following instructions of the Audit Committee, by the group's Internal Audit Management with the aim of verifying that the consideration is based on market prices. The results are submitted to the Audit Committee which certifies whether these transactions have been carried out on an arm's length basis. Furthermore, in the middle of the year Internal Audit Management carries out a quantitative analysis of fluctuations in related-party transactions and reports the results to the Audit Committee.

Any related-party transactions that do not correspond to normal business operations are be analysed and approved by the Audit Committee and/or the Board of Directors.

D.2. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's significant shareholders:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
No data				N.A.

D.3. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's directors or senior managers:

Name of directors or senior managers	Name of the related party	Relationship	Nature of the transaction	Amount (thousand euros)
No data				N.A.

D.4. Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's normal business activity with regard to their object and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
No data		N.A.

D.5. Provide details of significant transactions between the company or group companies and other related parties that have not been reported under previous headings:

Name of the related party	Brief description of the transaction	Amount (thousand euros)
CONSTRALSA, SL	Lease of premises to FLUIDRA group	1.608
IBERSPA, S.L.	Purchaser of assets by the FLUIDRA group from IBERSPA.	4.124

D.6. Describe the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, senior managers or significant shareholders.

See section H.1.

D.7. Is more than one company of the group listed in Spain?

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including the system for managing tax risks:

– Fluidra's risk management system is designed to mitigate all the risks to which the company may be exposed on account of its activity. The structure of risk management is based on three pillars.
- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks deriving from drawing up financial information and improving the reliability of such information, which have been designed in accordance with Internal Control over Financial Reporting (ICFR).
- The risk map, which is the methodology used by Fluidra to identify, understand and assess the risks that affect the company. The aim is to obtain an overall view of risks, designing a system of efficient responses aligned with the business objectives.
These elements constitute an integrated system that provides adequate management of the risks and the controls that mitigate them at all levels of the organization.
Fluidra's risk management system is a global and dynamic system. Its sphere of action is the entire organization and its environment. It is intended to be permanently in force and compliance with it is mandatory for all employees, managers and directors of the company.
In addition, the internal audit department is responsible for overseeing compliance with and correct operation of these systems.

E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management and Control System, including the system for managing tax risks:

Responsibility for drawing up and executing the risk management system is exercised basically by the Audit Committee, specifically supported by the internal audit department.
The internal audit department is in charge of supervision and the correct operation of the risk management system.
The objectives of the audit committee are:
• To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
• To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
• To supervise the efficiency of the Company's internal control, specially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• To supervise the process of drawing up and presenting regulated financial information.
• To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• To handle relations with the auditors or audit firms in order to receive information on any matters that could endanger their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards. It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of Accounts Audit Act 19/1988, of 12th July.
• To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must disclose the provision of additional services as referred to above.
• To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
• To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.
• To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
• To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.
With regard to tax, the tax strategy approved by the Board is governed by the following principles: compliance with the applicable tax obligations in the territories where it does business, promote a relationship of collaboration with the Tax Authorities with which it relates, and protect sustainable value generation for the Company's different stakeholders.
Tax Management of the Group reports, at least one a year, to the Board – through the Audit Committee – on the management of and compliance with tax obligations as well as tax risk control and management aspects.

E.3. Point out the main risks, including tax risks and to the extent that they are significant the risks deriving from corruption (with the scope indicated in Royal Decree Act 18/2017), that could affect the achievement of business goals:

In the process of identifying, understanding and assessing the risks that affect the company, the following risk factors have been considered:
Operational risks
a) Safety incidents
b) Erroneous actions and relations with workers
c) Market risks and risks of the activities in which the Group does business
d) Brand reputation
e) Risks relating to processes
f) Economic environment
g) Climatology
h) Geopolitical risk
i) Integrations of new companies

Financial risks
a) Credit risk
b) Default/ Insolvency of customers
c) Liquidity risk

E.4. Identify whether the company has risk tolerance levels, including one for tax risk:

The various risks are identified and assessed on the basis of an analysis of the possible events that could give rise to such risks. The assessment is carried out using parameters that measure probability and impact. The controls in place to mitigate them are determined as well as the additional action plans necessary if such controls are considered insufficient.
This process, performed annually, lets the Company's Risk Map be obtained. The most relevant risks are taken from this map and, together with the main variations compared to the previous year, are submitted to the Audit Committee for discussion and approval.
The definition of the scale of gravity and the scale of probability is carried out based on qualitative and quantitative criteria. Once the critical risks have been identified and assessed, Company Management establishes specific actions, determining the person responsible and time to perform them, to mitigate the impact and probability of such risks and at the same time reviews the current controls over these risks. The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee, for supervision and approval. The Audit Committee subsequently reports to the Board of Directors.

E.5. State what risks, including tax risks, have materialized during the year:

The following risks have materialized in 2019:

During the integration of the Australian subsidiaries and in the process of harmonizing their processes, a failure to apply certain policies of the Group was detected, which has led to the application of disciplinary measures. Local and Area Management together with financial management of the group have calculated the impact of the incidents found, which totals EUR 4.1 million. An action and incident remediation plan has also been established to prevent them from happening again.

E.6. Explain the plans for responding to and supervising the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that appear:

· Development of new products. Continuing analysis of sales of new strategic products and comparison with competitors based on market research monitoring tools, statistical database analysis by type of market and product. Performance of comparative studies that will let us differentiate ourselves from competitors and update the product valuation dossiers with the information obtained. Specific action plans aimed at ensuring production capacities are adapted to the demand levels forecast for these new products.

· Financial risks: Financial risks undergo continuous monitoring of, among others, the exposure to exchange rate and/or interest rate risk, proposing corrective measures.

· Credit risks: The Fluidra Group has a very diversified customer portfolio. However, in the America region, the company carries out continuous and specific monitoring of two customers that concentrate an important credit risk, analysing both the credit limits and financial health of these customers. Furthermore, the merger made it possible to reduce the impact of this risk with the diversification of the Group's portfolio in more geographical areas.

·Technological risks: Given the activities carried on by the different business units of Fluidra, protecting their technology and developments is an essential milestone in order to maintain their competitive advantage. To this end the Company has certain development criteria and policies, as well as legal protocols that guarantee such protection.

·Risk in the management of subsidiaries: Fluidra is firmly determined and convinced that reinforcing and harmonizing its procedures and internal controls in the subsidiaries of the group is the right way to ensure prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, Internal Audit is a very valuable tool in the pursuit of this goal.

·Human capital risks: The companies of the Fluidra Group have a variable remuneration policy linked to professional development and the achievement of personal objectives in order to identify and reward its best professionals in this way.

The parent company has a whistleblowing channel created by the Audit Committee, under the collegiate management of corporate HR management, Internal Audit and Legal, so that any employee of the group can report any issues relating to internal control, accounting or auditing. The company has an Internal Code of Conduct on matters relating to the securities market.

·Process-related risks: These risks are handled and monitored centrally by the Management Control department and verified by the Internal Audit department. The processes of obtaining consolidated financial information are carried out centrally under corporate criteria, and both the consolidated annual accounts and the individual annual accounts of each subsidiary are verified by external auditors.

·Tax and legal risks: Fluidra has defined a procedure for the identification and valuation of legal and tax risks which it applies on a regular basis. The object of this procedure is to identify any disputes or litigation that could have an impact on the Company’s equity situation, or any differences that could arise due to a different interpretation of legislation in relation to a given tax. Based on the analysis carried out, the Company records the pertinent accounting provisions in order to have adequate cover in the event that any of these risks should materialize.

·Climate risks. The Company’s risk map contemplates climatology or weather as a risk, in other words, the possible economic losses deriving from adverse movements in certain climate variables (GRI 201.2) both at global and local level in any of the regions or countries where Fluidra does business. The system followed to cover the risks currently consists of the geographical diversification of the business, increasing the portfolio of products for adverse climates, and research and development of products with low water, energy and chemical consumption as well as products and services that permit efficient management of pool installations at any time of year and in any weather situation.

F. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS ON FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the company's financial reporting (ICFR).

F.1. Control environment in the company.

Indicate, specifying their main features, at least the following:

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation of this system; and (iii) supervision of the system.

Fluidra S.A. and its subsidiaries (hereinafter Fluidra) formally defines the responsibilities for the adequate and effective existence of ICFR in the Board of Directors Regulations.
The Board of Directors has designated Corporate Financial Management of Fluidra as responsible for the implementation and maintenance of ICFR.
As regards responsibility for supervising ICFR, article 13.3 of the Board Regulations explicitly includes the responsibility of the Audit Committee in relation to supervision of the ICFR, as well as the responsibility for supervising the process of drawing up and presenting regulated financial information.
The Audit Committee has the support of Internal Audit management in fulfilling its responsibilities and this is reflected in the charter for that management area.

F.1.2 Whether any of the following are in place, particularly with regard to the process of preparing financial information:

· Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination of these in the company:

Fluidra has internal processes that establish the authorization levels necessary to modify the organizational structure. Defining the structure and reviewing it are ultimately responsibilities of the Executive Chairman and CEO, with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of 4 directors from the Board of Directors, of whom 2 are proprietary directors and 2 are independent.
Fluidra has an internal organization chart available on the corporate intranet which covers the main business areas and ranges from the position of Executive Chairman through the CEO to the level of General Management of each business. This organization chart specifies the areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), and details the hierarchical dependencies.
For the purposes of preparing regulated financial information, the Group Accounting Manual (GAM) sets out the basic lines of responsibility existing in the process, policies, documentation necessary and timing.

· Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of operations and the preparation of financial information are specifically mentioned), body in charge of analysing breaches and proposing corrective actions and penalties:

Fluidra's commitments include focusing its efforts on ensuring that operations are carried out in an environment of ethical professional practice. This is carried out through the implementation of mechanisms aimed at preventing and detecting fraud committed by employees, or inappropriate practice that could lead to sanctions, fines or damage the Group's image, and also by reinforcing the importance of ethical values and integrity among its professionals.
Fluidra has a Code of Conduct (hereinafter Ethics Code), the first version of which was approved by the Board of Directors at a meeting held on 16th December 2008 and the latest version in September 2019.
The Ethics Code must be observed by all employees of the Group and is accessible to all employees through the corporate website, Intranet and Living Fluidra. All employees, when they join Fluidra, receive a copy of the Ethics Code which they have to sign as evidence of their agreement to comply with the internal policies of Fluidra.

The main values included in the Ethics Code are those of bringing maximum transparency to Fluidra's business, creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions and for society in general. The Ethics Code is based on the ten principles declared in the UN Global Compact and seeks to be the guide that sets out the most relevant ethic principles and behaviour to be observed in internal and external relations, including and updating all conduct that is not permitted from a legal approach.
The general ethical principles considered in the Fluidra Ethics Code are specified in terms of the ICFR (Internal Control over Financial Reporting), in values associated to professional integrity and responsibility, guidelines for action related to a greater or lesser extent to the reliability of the financial information and compliance with applicable legislation.
Updates and amendments of the Ethics Code are proposed and promoted by the Audit Committee. The modifications that have been made to the Ethics Code are indicated below:

- On 28th February 2012, the Audit Committee approved the review of the Ethics Code with the aim of incorporating modifications that reflected the evolution of the legal framework to which it is subject, especially with regard to the responsibilities of the Board of Directors and the Audit Committee.
- During 2015, Fluidra reviewed the Ethics Code again, with the aim of bringing it into line with new legislative changes, updating it once again in 2016 to the latest changes in regulations. The latest version of the Ethics Code was approved by the Audit Committee on 27th July 2016 and by the Board of Directors on 28th July 2016. This new version of the Ethics Code has been relaunched to all employees of Fluidra.

In addition to the Ethics Code, Fluidra also has other features that seek to achieve an environment of ethical professional practice.
• During 2017, the Compliance Coordination Committee was consolidated, currently made up of the corporate areas of Human Resources, Internal Audit, Legal Advising and by the Financial General Manager. As established in its Rules of application, its main functions are as follows:
- Promoting, disseminating and applying the Ethics Code throughout the Group.
- Ensuring that the criminal offence prevention and control model is developed correctly in the Group.
- Encouraging the creation of internal policies, rules and procedures.

• During 2018, work continued on developing the compliance area and no significant changes were made.
• In September 2019, the Board of Directors of Fluidra published a new Ethics Code, resulting from the merger of the two codes of conduct of the former Fluidra and the former Zodiac. Group Management prepared a compulsory online course for all employees aimed at helping them to know and understand the principles and commitments of the organization. The course consisted of three parts: an information video of the Chairman of the Group, an online course on the New Ethics Code, and finally acceptance of the Fluidra Ethics Code.

· Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities in the organization, specifying, if appropriate, whether it is confidential:

Fluidra has an internal whistleblowing channel ("Confidential Channel") through which all employees can address their queries and concerns. A communication channel has been enabled to send them: via the corporate website, intranet, Living Fluidra and an e-mail address. Fluidra also has an Ethics Committee, whose role is to deal with the queries and complaints received through the Confidential Channel. Its objective is to carry out monitoring and control of compliance with the principles established in the Ethics Code.
The Ethics Committee reports annually to the Audit Committee the breaches of the Ethics Code identified and the corrective actions and disciplinary measures proposed, if necessary. All communications between the Ethics Committee and the employees of Fluidra are totally confidential, respecting the limitations established in applicable personal data protection legislation. In this regard, all members of the Ethics Committee are authorized to know the combined information of all queries and notifications received from the group through the query and notification procedure.

· Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at least accounting policies, auditing, internal control and risk management:

With the aim of promoting training, Fluidra has the in-house school: FluidrAcademy. The aim of FluidrAcademy is to consolidate an offer of corporate training on multidisciplinary and business contents to promote the transmission of internal knowledge and interrelation between the professionals of Fluidra and on the other hand to strengthen internal training in Fluidra by offering courses on the main functional and business areas given by internal trainers whenever possible taking advantage of the knowledge of Fluidra.

For aspects related to the preparation of financial information, Fluidra invests in in training on accounting and financial skills as follows:

1.- Training received during the Annual Financial Meeting: Every year, the Group holds the Finance Meeting, a gathering at which several workshops are given related to the most critical areas for the preparation of financial information as well as possible updates in financial matters, accounting legislation and in tools that have taken place during the year. Aimed at all personnel responsible for preparing financial statements in all the group companies, it is also attended by member of the internal audit team and of Senior Management of the Group.

2.-Subsidiary Training: In addition, Fluidra's training is provided to foreign subsidiaries through visits by teams of the Division and even from Central Services, going over reporting statements, the different information needs or criteria for obsolescence and insolvency, among others. For new employees, a week-long training visit is made to central services.

Finally, as regards the audit and internal control areas, the personnel responsible for the financial and internal audit function identify the needs of their teams in terms of training and propose training courses to cover any sporadic needs that may exist.

F.2. Financial reporting risk assessment

Indicate at least the following:

F.2.1 What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

· Whether the process exists and is documented:

The process followed by Fluidra to identify risks of error in the financial information is systematic and is documented. Fluidra places special emphasis on the identification of risks of material error or fraud, by determining financial reporting control objectives for each of the risks identified. This risk identification process is carried out and documented by Financial Management of Fluidra and is supervised by the Audit Committee, with the support of Internal Audit.

· Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The process is structured so that, on a regular basis, the areas that can have a material effect on the financial statements are analysed based on a range of criteria that include quantitative and qualitative factors, identifying relevant areas/locations at transaction level, to the extent that they are affected by transactions with a material impact on the financial statements. The scope of the areas identified is reviewed by Corporate Financial Management of Fluidra and is ultimately supervised by the Audit Committee. If in the course of the year (i), circumstances not previously identified that show possible errors in the financial information or (ii), substantial changes in the operations of Fluidra come to light, Financial Management assesses the existence of the risks that should be added to the risks that have already been identified.

· The existence of a process for the identification of the consolidation perimeter, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

Through meetings with General Management of the divisions and the Legal Department, Financial Management regularly updates the corporate structure defining the consolidation perimeter for accounting and tax purposes. In addition, at least once a year the consolidation perimeter is supervised and approved by the Audit Committee. The Company has a tax policy that sets out the guidelines for the group's legal structure, seeking to attain the business goals while avoiding complex instrumental structures.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account other types of risks to the extent that they affect the financial statements.

· What governance body of the company supervises the process:

As indicated in the Board of Directors Regulations, the Audit Committee is responsible for reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

F.3. **Control activities.**

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorization of financial information, and description of the ICFR to be published in the securities market, indicating the persons or divisions responsible for them, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, valuations, and projections.

Fluidra has a range of procedures to validate the accounting closing and the preparation of financial information for all areas. The control activities identified and formally documented focus on activities related directly to balances and transactions that could have a material effect on the financial statements and also seek to mitigate the risk of fraud.
As regards the closing procedure and the procedure for the review and authorization of the financial information published on the market, it commences with the establishment of a detailed calendar of closing activities duly distributed over all the divisions through the GAM. Thereafter, each subsidiary reports its financial data using a standard format determined by Financial Management using the Hyperion tool. Financial Management is then responsible for the consolidation process, and prepares the Consolidated Annual Accounts, which are validated by Corporate Financial Management for subsequent presentation to and supervision by the Executive Chairman, CEO, Internal Audit, the Audit Committee and the Board of Directors.
Fluidra also has a series of procedures through which Financial Management reviews ICFR, mainly consisting of:
• Existence of an ICFR management policy that articulates the scope, responsibilities, procedure for evaluating the effectiveness of the model, supervision of the model, establishment of action plans and their follow up, and supervision by the Audit Committee.

• System for evaluating the internal control model through Self-Evaluation questionnaires: Financial Management of Fluidra, based on the process of identifying and assessing risks and controls, defines self-evaluation questionnaires which must be completed by the Divisions concerning the minimum requisites to guarantee reasonable assurance as to the reliability of the financial information. Internal Audit supervises the effectiveness of the model in accordance with the provisions of the internal audit plan.
In relation to the specific review of relevant judgements, estimates, valuations and projections, this takes place initially in the existing control activities either in the routine transactions of Fluidra, or through the control mechanisms in place in the process of preparing the financial information detailed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, there is a subsequent scale of discussion and review involving General and Financial Management of the Division, Corporate Financial Management, the CEO, the Executive Chairman, the Audit Committee and the Board of Directors, in that order, in cases of substantially relevant aspects in the preparation of financial information.
When third-party experts are involved in areas subject to judgement, estimate, valuation and projections, they discuss and present their results to Financial Management, after having applied a series of control and supervision procedures to the work carried out by these experts.
In particular, the main judgements and estimates broached during the year are those indicated in the notes to the Consolidated Annual Accounts for the year.

F.3.2 Internal control policies and procedures on information systems (including, among others, secure access, control of changes, operation of the systems, operational continuity, and segregation of duties) that provide support for the company's relevant processes in drawing up and publishing financial information.

Fluidra uses information systems to carry out and maintain adequate recording and control of its operations. As part of the process of identifying risks of error in the financial information, Fluidra identifies, through Financial Management, the systems and applications that are relevant in preparing it. The systems and applications identified include both those directly used in preparing the financial information and the interfaces with this system, notably in relation to sales/accounts receivable and purchases/accounts payable.
The policies and procedures concerning Fluidra's information systems cover both hardware and software security with regard to access (ensuring segregation of functions through adequate restriction of access), procedures to check the design of new systems or modifications to existing systems and continuity in their operation (or start-up of alternative systems and applications) in the event of incidents that affect their operation. These policies seek, among others, to guarantee the following aspects:
• Security of access both to data and applications.
• Control over changes in the applications.
• Correct operation of the applications.
• Availability of data and continuity of the applications
• Adequate segregation of functions

a) Secure access:
A series of measures at different levels have been defined to prevent unauthorized access both to data and to the applications.
At software, operating system and database level, the user-password combination is used as a preventive control. At data level, profiles have been defined which limit access to data and on which a segregation of functions matrix is being developed that will ensure the compatibility of the user's functions according to his/her responsibilities.
b) Control of changes:
A change management methodology has been developed and implemented which establishes the safeguards and validations necessary to limit the risk in this process. Since 2012 a new methodology called "change request" has been in use.
The main aspects featured include the following:
• Approval by the business area
• Testing prior to production
• Specific environments for development and test tasks
• Reverse procedures
• Segregation of functions as the development team does not have access to production.
c) Operation:
To ensure that operations are carried out correctly, the interfaces between the systems involved in preparing financial information are monitored. There is also an internal "Help Desk" services for end users in the event of detecting any kind of incident, query or request for training and which controls the efficiency of the operation of the information systems.
d) Availability and continuity:
At is head offices, the Company has two Data-Processing Centres (main and backup) that enable it to ensure the availability of the information system in a contingency. All of this is supported, furthermore, by a Disaster Recovery Plan with the tasks and steps to be carried out to restore the systems in such an event. This DRP is tested in real conditions once a year.
In addition, daily backups are made of the data and applications, which are kept at a secure location temporarily. To recover such data there is a specific procedure although integral tests are not carried out regularly. Partial information recovery processes are however carried out regularly.
In the head offices in the USA, data of the main applications are stored in California and replicated in real time to an alternative system in Utah. In addition, there are recovery points for the same data which are stored onsite in California for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.
In Australia, the data of the main applications are stored in Sydney, replicated and sent weekly to a secure storage centre. There are also recovery points for the same data which are stored onsite in Sydney for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.
e) Segregation of functions:
A series of profiles have been defined describing the functionalities to which a user should have access in the Information Systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

F.3.3 Internal control policies and procedures designed to supervise management of activities outsourced to third parties, as well as the aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

If a service has to be outsourced or an independent expert involved in assessments, calculations and valuations with a significant impact on the financial information, Financial Management of Fluidra leads the decision-making process.

F.4. **Information and communication.**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, Financial Management is responsible for keeping the accounting policies applicable to the group up to date. In this regard, it is responsible for updating the GAM, which includes the group's accounting policies and chart of accounts, as well as an analysis of any regulatory and accounting changes that could have an impact on the financial information of Fluidra.
The GAM is updated periodically, or when a significant new development so requires, and was last updated in May 2019. The updates review both accounting policies based on changes in applicable EU-IFRS and the group's accounting structure, ensuring traceability between individual charts of accounts of the group subsidiaries and the Fluidra chart of accounts which is used as the basis for drawing up the different reporting packages to be provided to external bodies. Changes and updates to the GAM are communicated to all responsible financial personnel by e-mail. The last update of the GAM is always available on the group's intranet under the heading "policies and procedures".
Financial Management is also responsible for clearing up any doubts about the accounting treatment of certain transactions raised by the personnel responsible for preparing the financial information of Fluidra.
To add greater convenience and efficiency to the responsibility of keeping the GAM up-to-date, and to identify any incidents and weaknesses that have to be remedied, there is a working group on accounting procedures, made up of a member of Corporate Financial Management, the Internal Audit Manager and the person responsible for updating the GAM, the aim of which is to update the GAM based on the incidents detected by internal audit in the course of its duties, which are not contemplated in the Group's current policies. This working group meets once a quarter and records minutes of the meetings.

F.4.2 Mechanisms to capture and prepare financial information using standardized formats, to be applied and used by all units of the company or group, supporting the main financial statements and the notes, as well as the information provided on ICFR.

All the companies that form part of the Consolidated Group at the end of 2019 use a single standardized reporting format. Most of them (approximately 60% of turnover), have the same Corporate System for accounting in terms of capture and preparation of financial information. For the remaining 40%, which have not implemented that Information System at present, Fluidra ensures that standardized formats are used in preparing the financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all the subsidiaries covers the composition of the main Financial Statements and the notes. The Financial Management department of Fluidra is responsible for obtaining data from all the subsidiaries, and with this information makes the necessary consolidation adjustments to obtain the consolidated figures and complements the financial information with the reserved notes to Consolidated Financial Statements.
In 2013, new reporting and consolidation software was implemented and has been fully active since 2015.
To ensure the reliability of the information reported by the subsidiaries, they must report a range of data to allow an analysis of variations in asset and liability items and results obtained with respect to the monthly budget and the previous year, in which the various balance sheet and income statement items are interrelated, permitting greater knowledge in detail of the operations reported at local level.
The Company has also implemented ICFR management software through which twice a year the subsidiaries included in the scope complete self-evaluation questionnaires on control and submit evidence of key controls. These questionnaires are suitably supervised by the responsible financial personnel of the corresponding division, creating action plans if considered necessary. Internal audit carries out supervision of the effectiveness of the controls twice a year, in accordance with the annual audit plan, reporting the results to the Audit Committee.

F.5. **Supervision of operation of the system.**

Indicate and describe the main features of at least the following:

F.5.1. The ICFR supervision activities carried out by the audit committee as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFRS. Information is also to be provided concerning the scope of the evaluation of ICFR performed during the year and on the procedure whereby the person or division charged with performing the evaluation reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on the financial information has been considered.

The duties of the Audit Committee in relation to the supervision of ICFR are established in article 13 of the Board of Directors Regulations and, among others, are focused on:

• Supervising the efficiency of the Company's internal control, especially Internal Control on Financial Reporting, internal audit, as the case may be, and the risk management systems, and discussing with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• Supervising the process of drawing up and presenting regulated financial information.
• Reviewing the Company's accounts, ensuring compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• In relation to the information systems and internal control:
- Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
- Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.
- Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

Internal Audit Management is located within the Group's organization structure, and depends on the Audit Committee, so that its independence is guaranteed as well as the performance of the assigned functions. All the actions carried out by Internal Audit Management that require approval are approved by the Board of Directors at the proposal of the Audit Committee.

Internal Audit prepares and presents an Annual Internal Audit Plan which is reviewed and approved by the Audit Committee. In 2019, Internal Audit met with the Audit Committee in the months of February, March, May, July, October, November and December to present the results and evolution of its work. At these meetings, Internal Audit reported the weaknesses identified in the design of the internal control model, proposed the corresponding action plans and the dates of implementation of these plans. In turn, Internal Audit supervises the correct implementation of corrective actions.

In the months of May, June, October and December 2019, the Audit Committee, through Internal Audit Management, has supervised the correct review of the effectiveness of the controls conducted by Financial Management. A small number of weaknesses were detected, corresponding to the Australian subsidiary, which have been duly corrected. The weaknesses detected are reported to the heads of the Divisions and the corresponding action plans are designed, with a follow-up of their implementation.

F.5.2 Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether there is an action plan to attempt to correct or mitigate the weaknesses found.

The Audit Committee meets at least four times a year, with the aim of obtaining and analysing the necessary information to fulfil the tasks with which it has been entrusted by the Board of Directors.

Special attention is given to the review of the company's quarterly financial information, which is presented by General Financial Management. In order to carry out this process, the Audit Committee is assisted by Internal Audit, General Financial Management (responsible for preparing the financial information) and the Auditor, with the aim of ensuring the correct application of ruling accounting policies and the reliability of the financial information, and in order to be able to report any significant control weaknesses identified, if there are any, and the corresponding action plans.

Prior to the reports issued by the Audit Committee, Internal Audit Management discusses the results of its work with local management, Financial Management and Corporate General Management, thus ensuring fluid and efficient communication among all parties.
In relation to the External Auditors, they present annually the scope, timing and areas of emphasis of their audit work on the annual accounts, in accordance with the applicable auditing standards. They also meet with the Audit Committee to present the conclusions of their work and areas for improvements. The weaknesses reported are communicated to Internal Audit for inclusion in the implementation plan. It should be noted that the External Auditors have stated that no significant internal control weaknesses have come to light during the audit performed in 2019.

F.6. Other relevant information.

F.7. External audit report.

Report on:

F.7.1 Whether the information on ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, the reasons for this should be provided.

Fluidra has submitted the information on ICFR sent to the markets for 2019 to be reviewed by the External Auditor. The favourable report issued by the External Auditor is attached as an appendix to this document.

G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, a detailed explanation of the reasons must be given, providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalized explanations will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [X] Explain [ ]

2. When a parent and subsidiary company are both listed, they should provide detailed disclosure on:

a) The business activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

3. During the ordinary general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous ordinary general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative rules followed instead.

Complies [X] Complies partially [ ] Explain [ ]

4. The company should draw up and promote a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those charged with its implementation.

Complies [X] Complies partially [ ] Explain [ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without a preferential subscription right for an amount exceeding 20% of capital at the time of such delegation.

When the board approves any issue of shares or convertible securities without preferential subscription rights, the company should immediately post on its website the reports explaining the exclusion referred to in mercantile legislation.

Complies [X]   Complies partially [ ]   Explain [ ]

6. Listed companies that draw up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the ordinary general meeting, even if their distribution is not mandatory:

a) Report on auditor's independence.

b) Reports on the activities of the audit committee and the appointments and remuneration committee.

c) Report of the audit committee on related-party transactions.

d) Report on the corporate social responsibility policy.

Complies [ ]   Complies partially [X]   Explain [ ]

The Company annually prepares an annual report on the activities of the Audit Committee and an annual report on the activities of the Appointments and Compensations Committee. It also prepares annually a report on the independence of the auditor. Finally, the Company issues an integrated report as well as the non-financial report required by Law 11/2018 that contains aspects related to corporate social responsibility. These reports are published on the Company's website well in advance of the ordinary general meeting of shareholders.

7. The company should broadcast its general shareholders meetings live on the corporate website.

Complies [ ]   Explain [X]

To date the Company has not broadcast general shareholders' meetings live on its website, although if requests to do so were received from shareholders, the Company would study this possibility and would make every effort to implement this measure.

8. The audit committee should strive to ensure that the board of directors presents the company's accounts to the general shareholders' meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of the content and scope of such limitations or qualifications.

Complies [X]   Complies partially [ ]   Explain [ ]

9. The company should publish the requisites and procedures it will accept as evidence of ownership of shares, the right to attend general meetings and the exercise or delegation of voting rights permanently on its website.

Such requisites and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [X]   Complies partially [ ]   Explain [ ]

10. When a shareholder entitled to do so exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate these supplementary items and new proposals for resolutions.

b) Publish the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or inferences about the way of voting.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

11. In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [ ]   Complies partially [ ]   Explain [ ]   Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the attainment of a profitable business that is sustainable in the long term, promoting its continuity and maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practice, but also strive to reconcile the company's interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the environment.

Complies [X]   Complies partially [ ]   Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies [X]   Explain [ ]

14. The board of directors should approve a director selection policy that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of the board's needs should be reflected in the appointments committee's report, to be published when the general meeting is convened that is to resolve on the ratification, appointment or re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by female directors by the year 2020.

The appointments committee should perform an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies [ ] Complies partially [X] Explain [ ]

The Appointments and Remuneration Committee oversees selection procedures to ensure they do not suffer from implicit bias that could lead to discrimination on account of age, gender, or training, ensuring that the proposals for appointments to cover vacancies or for the re-election of directors are based on a prior evaluation of the profiles that the directors should have to ensure that the directors' professional profiles are complementary, leading to greater integration and better operation of the Board.
The Company is working with the object of increasing the presence of women on the Board of Directors, by promoting the goal of encouraging a policy whereby women fill any vacancies arising on the Board of Directors, provided that they meet the characteristics of the profile being sought. In this regard, in 2019 one of the new directors is a woman, as described in sections C.1.5, C.1.6 and C.1.7. The selection processes do not only take into gender diversity, which is a priority, but also the other characteristics of the sought profile for the candidate such as knowledge, experience and professionalism, with a view to appointing the best possible candidate.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, and the number of executive directors should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage shareholding of the executive directors in the company's capital.

Complies [X] Complies partially [ ] Explain [ ]

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the capital of the company represented by such directors and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no shareholdings attain the legal threshold to be regarded as significant.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [X] Explain [ ]

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of board places.

Complies [X] Explain [ ]

Independent directors represent 33% of the total board members. It should be borne in mind that Piscine Luxembourg Holdings 1, S.a.r.l is the owner of a shareholding that represents 38.42% of the Company's share capital and there is a concerted action that represents 25% of the Company's share capital.

18. Companies should disclose the following information about their directors on their websites and keep it regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on such shares.

Complies [X] Complies partially [ ] Explain [ ]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary shareholders should be reduced accordingly.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

21. The board of directors should not propose the removal of independent directors before the expiry of their term of office established in the Articles of Association, except when there is due cause, found to exist by the board of directors following a report of the appointments committee. In particular, due cause will be deemed to exist when directors take up new posts or responsibilities that prevent them allocating sufficient time to their duties as a board member, or are in breach of the inherent duties of their post or come under one of the disqualifying grounds for classification as independent director enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies [X] Explain [ ]

22. Companies should establish rules obliging directors to disclose any circumstance that might be damaging to the company's credit and reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

As soon as a director is indicted or tried for any of the offences stated in legislation on companies, the board of directors should examine the case as soon as possible and, in light of the particular circumstances, decide whether or not he or she should remain in office. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [X] Complies partially [ ] Explain [ ]

23. All directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent directors and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

24. Directors who cease to hold their post before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a relevant event, the motivating factors should be explained in the annual corporate governance report.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve:

Complies [ ] Complies partially [X] Explain [ ]

The Board Regulations establish that the Appointments and Remuneration Committee is responsible for assessing the necessary competence, knowledge and experience of the Board, defining the duties and necessary aptitudes in the candidates who are to fill each vacancy, evaluating the time and dedication required so that they can discharge their responsibilities effectively.
Although the Board Regulations do not establish the maximum number of Boards on which its directors may service, this information is taken into account in evaluating the suitability of candidates in the process for the appointment and re-election of directors in order to evaluate the time and dedication available to them to discharge their duties as directors effectively.

26. The board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [X] Complies partially [ ] Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate another director to represent them and issue appropriate instructions.

Complies [X] Complies partially [ ] Explain [ ]

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

29. The company should establish suitable channels for directors to obtain the advice they need to carry out their duties including, if necessary, external advising at the company's expense.

Complies [X] Complies partially [ ] Explain [ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies [ ] Explain [X] Not applicable [ ]

Although training sessions are provided on matters of interest, no training plan has been formalized.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather the material they need.

When, exceptionally, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the agenda, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies [X] Complies partially [ ] Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies [X] Complies partially [ ] Explain [ ]

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies [X] Complies partially [ ] Explain [ ]

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice-chairs, if any; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

35. The secretary of the board should make special efforts to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code that are applicable to the company.

Complies [X] Explain [ ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:

a) The quality and efficiency of the board's operation.

b) The operation and composition of its committees.

c) The diversity in the composition and competences of the board.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of each individual director, with particular attention to the chairs of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company in its group has with the company or with any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be described in the annual corporate governance report.

Complies [X] Complies partially [ ] Explain [ ]

37. Where there is an executive committee, the participation structure of the different categories of directors should be similar to that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the executive committee's minutes.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

39. The members of the audit committee, particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management matters. A majority of the members of this committee should be independent directors.

Complies [X] Complies partially [ ] Explain [ ]

40. Under the supervision of the audit committee, there should be a unit in charge of the internal audit function to oversee proper operation of reporting and internal control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies [X] Complies partially [ ] Explain [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit a report on its activities at the end of each year.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

42. In addition to the functions established by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

a) Supervise the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.

b) Ensure the independence of the unit that undertakes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for the service; approve the approach and its work plans, ensuring that its activity is focused mainly on the relevant risks of the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2. In relation to the external auditor:

a) Investigate the circumstances giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

Complies [X]   Complies partially [ ]   Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.

Complies [X]   Complies partially [ ]   Explain [ ]

44. The audit committee should be informed of any structural and corporate modification operations the company is planning, so the committee can analyse and report to the board beforehand on their economic conditions and accounting impact, especially, when applicable, on the proposed swap ratio.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures devised to mitigate the impact of the risks identified, should they materialize.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies [X] Complies partially [ ] Explain [ ]

46. Companies should establish an internal risk control and management function to be exercised by one of the company's internal department or units, under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that all the significant risks the company is exposed to are adequately identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks adequately in the context of the policy defined by the board of directors.

Complies [ ] Complies partially [X] Explain [ ]

This is done by Internal Audit

47. Members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have adequate knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [ ] Complies partially [X] Explain [ ]

The members of the Appointments and Remuneration Committee have been appointed taking into account their knowledge, skills and experience as well as the mission of the Committee. At present, as regulated in the Board Regulations, the Committee is made up of four non-executive directors, two of which are independent. The Chairman of the Committee, as regulated in the Committee Regulations, is an independent director.

48. Large cap companies should have separate appointments and remuneration committees.

Complies [ ] Explain [ ] Not applicable [X]

49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director should be able to approach the appointments committee to propose candidates that it might consider suitable.

Complies [X] Complies partially [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior management contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verify the information on director and senior manager remuneration contained in corporate documents, including the annual report on directors' remuneration.

Complies [X] Complies partially [ ] Explain [ ]

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

Complies [X] Complies partially [ ] Explain [ ]

52. The rules on the composition and operation of the supervisory and control committees should be set out in the board of directors regulations and should be consistent with the rules applicable to legally mandatory committees in accordance with the above recommendations, including the following rules:

a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of the directors and each committee's terms of reference; discuss their proposals and reports; and report back on their activities and work at the first full board meeting following each committee meeting.

d) The committees may engage external advice, when they feel it necessary for the discharge of their functions.

e) Minutes of their meetings should be drawn up and made available to all board members.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy should be assigned to one board committee or split between several committees, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:

a) Oversee compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of the other stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practice and assess the degree of compliance.

f) Oversee and evaluate processes in relation to the different stakeholders.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [X] Complies partially [ ] Explain [ ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be developed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relating to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.

d) The methods or systems for monitoring the results of the application of the practices referred to above, identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Complies [X]   Complies partially [ ]   Explain [ ]

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [X]   Complies partially [ ]   Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independent judgement of non- executive directors.

Complies [X]   Explain [ ]

57. Variable remuneration linked to the company's performance and the director's personal performance, and remuneration in the form of awarding shares, options or rights on shares or instruments linked to the share price and long-term savings schemes such as pension plans, retirement systems or other benefits should be confined to executive directors.

Share-based remuneration of non-executive directors may be considered when it is subject to the condition that the shares must be kept until the end of their term of office. This condition, however, will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [X]   Complies partially [ ]   Explain [ ]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other similar circumstances.

In particular, variable remuneration components should meet the following conditions:

a) They should be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given outcome.

b) They should promote the sustainability of the company and include non-financial criteria that are relevant for the creation of value in the long term, such as compliance with the company's internal rules and procedures and its risk management and control policies.

c) They should be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce the amount of such earnings.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments the value of which is linked to the share price.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

62. Once shares or options or rights on shares have been awarded as part of share-based remuneration, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment was not in line with the director's actual performance or based on data subsequently found to be inaccurate.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

64. Severance payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director has met the predetermined performance criteria.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance in the company or entities of the group that have not been included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices in the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

   Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practice. If so, identify the code in question and the date of adherence thereto. In particular, mention whether the company has signed up to the Code of Good Tax Practice, of 20th July 2010:

*Section A.12.
The consolidated text of the Agreement on Syndication of votes and shares formalized on 3rd November 2017 establishes that none of the Syndicated Shareholders (as defined in the agreement) may sell, transfer, assign, convey or otherwise dispose of or encumber titles to the Syndicated Shares (25% of the share capital) and/or ownership of the inherent voting or economic rights associated to the shares throughout the syndication period, i.e. the period running from the date on which the shares of Fluidra are admitted for trading (31st October 2007) and the first of the following dates: (i) the date on which three (3) years have elapsed since the date of registration of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à.r.l. (transferor) in the Mercantile Registry of Barcelona, (ii) the date on which three (3) months have elapsed since the date of termination of the shareholders' agreement formalized on 3rd November 2017 between certain shareholders of Fluidra, S.A. (the "Current Shareholders") and Piscine Luxembourg Holdings 1, S.à.r.l.,. (company controlled by Rhône Capital LLC) (the "SHA") or (iii) the date on which the obligation may arise to submit a take-over bid for all the securities of Fluidra, in accordance with the provisions of Royal Decree 1066/2007, of 27th July, on the regime of takeover bids, as a result of the decisions to invest in shares in Fluidra by a shareholder or shareholders, exercising their rights under the SHA. The Agreement also establishes the mechanism for syndicating the votes associated to the Syndicated Shares.
In turn, the SHA establishes a general lock-up term of 36 months and a series of rules and commitments, including a pre-emption right, for transfers after the aforesaid term of 36 months. Notwithstanding the above, on 26th June 2019 Piscine Luxembourg Holdings 1, S.A.R.L. carried out a private placement, having received prior authorization from the Current Shareholders, through the accelerated placement addressed exclusively to eligible investors of 7,850,000 shares representing approximately 4% of the Company's share capital. Following the accelerated placement, Piscine Luxembourg Holdings 1, S.A.R.L. holds 75,150,000 shares in the Company, representing approximately 38.4% of the Company.

*Section C.2.1.
Name of committee
APPOINTMENTS AND REMUNERATION COMMITTEE
Description
The Committee will be made up of 4 non-executive directors, at least two of whom must be independent directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly.
The members will be appointed taking into account their knowledge, skills and experience as well as the tasks entrusted to the Committee. Any director may ask the Committee to take potential candidates into consideration to cover vacancies, to decide if they are considered suitable.
The Chairman shall necessarily be an independent director, elected among the independent directors who form part of the Committee.
Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities according to the internal regulations:
• To draw up and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.
• To evaluate the skills, knowledge and experience necessary in the Board and, consequently, define the necessary duties and skills of candidates who are to fill each vacancy, and evaluate the time and dedication required so that they can discharge their duties.

• Report and submit to the Board of Directors the proposals for the appointment and removal of senior managers and managers proposed by the chief executive, and the basic conditions of their contracts.
• Report to the Board on matters of gender diversity and qualifications of directors, as established in article 6.2 of the Board Regulations.
• It will propose to the Board of Directors: (i) the remuneration policy for directors and general managers or whoever carries out senior management tasks directly accountable to the Board, the Executive Committee or CEO; (ii) the individual remuneration of executive directors and other conditions of their contracts; (iii) the policies for hiring senior managers of the Company and the basic conditions of their contracts.
• To examine and organize, in the manner considered appropriate, the succession of the Chairman and the chief executive and, as the case may be, make proposals to the Board, so that this succession takes place in an orderly and well-planned manner.
• To ensure that the remuneration policy established by the Company is respected and that remuneration is transparent.
• To establish a goal for representation of the least-represented sex on the Board of Directors and to draw up guidelines as to how to reach this goal.
• To submit to the Board of Directors the proposals for the appointment of independent directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders Meeting.
• To report on proposals for the appointment of the remaining directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposal for their re-election or removal by the General Shareholders' Meeting.
The Appointments and Remuneration Committee will meet, ordinarily, every quarter. It will also meet every time a meeting is convened by its Chairman, who must do so whenever the Board or the Chairman of the Board asks for a report or for proposals to be accepted and, in any case, whenever appropriate for the proper discharge of its duties. Notice convening ordinary meetings of the Appointments and Remuneration Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Appointments and Remuneration Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.
The resolutions of meetings of the Appointments and Remuneration Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. For the better fulfilment of its duties, the Appointments and Remuneration Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties. The Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Appointments and Remuneration Committee and which will be available to the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Committee must consult the Chairman and chief executive of the Company, especially with regard to matters concerning the executive directors and senior managers. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.
Name of committee
AUDIT COMMITTEE
Description
The Committee will be made up of 5 directors, who will be exclusively non-executive directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly. At least three of the members of the Committee will be independent directors and one of them will be appointed taking into account his/her knowledge, skills and experience in the field of accounting, auditing or both. The members of the Audit Committee, especially the Chairman, will be appointed taking into account their knowledge, skills and experience in the field of accounting, auditing or risk management as well as their knowledge, skills and experience with regard to the other tasks entrusted to the Committee. The Chairman of the Audit Committee will be appointed out of the independent directors who form part of it, and must be replaced every four years. The Chairman may be re-elected after one year has elapsed since the date of stepping down from the post. The person designated out of the Committee's members shall act as Secretary and may be a director or someone who is not a director. Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Audit Committee shall have the following basic functions:
• To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
• To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
• To supervise the efficiency of the Company's internal control, especially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, including the management of tax risks, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• To supervise the process of drawing up and presenting regulated financial information.
• To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• To handle and oversee relations with the external auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.
• To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
• To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.

• To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
• To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.
The Audit Committee is also responsible for the following:
1) In relation to internal control and reporting systems:
(a) Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
(b) Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.
(c) Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
(d) Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2) In relation to the external auditor or audit firm:
(a) Submitting proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor or audit firm, and their contract conditions
(b) Receiving regular information from the external auditor or audit firm on the audit plan and the results of the audit and verifying that senior management takes into account their recommendations;
(c) Ensuring the independence of the external auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal provisions in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the external auditor or audit firm the circumstances causing it be examined. The Audit Committee must receive each year from the external auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided and the fees received from such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on auditing. The Audit Committee must also issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services, other than statutory audit, as referred to above, individually considered and in aggregate, and in relation to the regime of independence or in accordance with legislation regulating auditing.
(d) In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.
3) In relation to risk management and the risk policy:
(a) Identifying the different types of risks (operational, technological, financial, legal, reputational) the company is exposed to, including contingent liabilities and other off-balance-sheet risks as financial or economic risks.
b) Identifying the risk level the Company considers acceptable.
c) Identifying the measures devised to mitigate the impact of the risks identified, should they materialize.
d) Identifying the internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.
4) In relation to the obligations of listed companies:
Reporting to the Board of Directors, before it adopts the corresponding decisions, on all the matters established by law, the Articles of Association and in the Board of Directors Regulations, in particular, on:
(a) The financial information which the Company is required to publish on a regular basis in its capacity as a listed company. The Audit Committee must ensure that the interim accounts are drawn up using the same accounting policies as the annual accounts and, to that end, must consider whether it is appropriate for the external auditor or audit firm to carry out a limited review.
(b) The creation or acquisition of shares in special-purpose entities or entities that are domiciled in countries or territories considered to be tax havens, and any other transactions or operations of a similar nature which, in light of their complexity, may undermine the group's transparency.
(c) Related-party transactions.
(d) Transactions that entail or could entail a conflict of interest.
The Audit Committee will not exercise the functions described in sections (a), (b) and (c) above when these functions have been attributed in the Company's Articles of Association to another supervisory or control committee, in accordance with the provisions of the law.
The Audit Committee will meet, ordinarily, every quarter in order to review the periodic financial information that has to be sent to the Stock Exchange authorities as well as the information that the Board of Directors has to approve and include within its annual public documentation. It will also meet at the request of any of its members and whenever a meeting is convened by its Chairman, who must do so whenever the Board or the Chairman of the Board asks for a report to be issued or for proposals to be adopted and, in any case, whenever advisable for the proper discharge of its duties.
Notice convening ordinary meetings of the Audit Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Audit Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.

The resolutions of meetings of the Audit Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman shall not have a casting vote. The Audit Committee may meet with any member of the management team or any employee of the Company and may even order their appearance without the presence of any other senior manager. Such persons will be bound to attend the meetings of the Audit Committee and provide their collaboration and access to any information in their possession. The Committee may also require that the auditors attend its meetings. For the better fulfilment of its duties, the Audit Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties.

The Company has an internal audit function which, under the supervision of the Audit Committee, ensures the proper operation of the internal control and reporting systems. The person responsible for the internal audit functions must submit the annual work plan to the Audit Committee, and must also report directly to the Committee any incidents arising in the course of such work and must submit a report on its activities to the Committee at the end of each year. The Audit Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Audit Committee and which will be available to the members of the Board of Directors. The Audit Committee will draw up an annual report on its operation, highlighting the main incidents arising, if any, in relation to its inherent functions. Furthermore, when the Audit Committee considers it appropriate, it will include proposals in that report for the improvement of the Company's governance rules. The report of the Audit Committee will be attached to the Company's annual corporate governance report and will be made available to shareholders and investors through the website. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.

* Section D.6.
In accordance with the provisions of the Board of Directors Regulation, a Board member must inform the Board of Directors of the existence of any conflicts of interest and refrain from attending and intervening in the deliberations that affect matters in which that member is subject to a conflict of interest. A conflict of interest of the Board member is also considered to exist when the matter affects any of the following persons: the spouse or person with a similar relationship; ascendants, descendants and siblings and the respective spouses or persons with a similar relationship; ascendants, descendants and siblings of the spouse or person with a similar relationship; and concerted persons and companies or entities on which any of the persons enumerated above may exercise a significant influence. If the Board member is a legal person, the following shall be deemed to be related persons; members who, in relation to the legal person that is a director, are in any of the situations contemplated in the first paragraph of article 42 of the Code of Commerce, Board members, de facto or in law, liquidators and attorneys-in-fact with general powers of the legal person that is a Board member, companies that form part of the same group, and their members and persons who are deemed to be related parties of the representative or director that is a legal person. Board members may not use the Company's name or cite their status as Board members in order to carry out operations on their own account or on the account of persons related to them. Board members may not carry out, directly or indirectly, professional or commercial transactions with the Company unless they notify the Board in advance of the situation of conflict of interest and the Board approves the transaction. In the case of transactions carried out in the ordinary course of the business activity and which are of a habitual or recurring nature, a generic authorization from the Board of Directors will suffice. Board members must report any direct or indirect stake that they or their related persons hold in the capital of a company with the same, a similar or complementary kind of activity to that which constitutes the corporate object. Furthermore, Board members may not engage, on their own account or on the account of another, in the same, a similar or complementary kind of activity to that which constitutes the corporate object and may not hold the post of Board member or executive in companies that are competitors of the Company, except for any posts they may hold, as the case may be, in group companies, unless they obtain the express authorization of the General Meeting, and notwithstanding the provisions of the Companies Act.
Situations of conflict of interest of the Board members will be disclosed in the annual report. Furthermore, article 2 of the Internal Rules of Conduct on the Securities Market includes within its scope of application (i) Board members, (ii) the secretary, (iii) the vice-secretary of the Board of Directors of the Company, (iv) the Manager of Legal Advising, (v) senior executives, designated executives and employees of both the Company and its subsidiaries, who carry out their work in areas related to securities markets or who habitually have access to privileged information related, directly or indirectly, to the Company and its subsidiaries, (vi) the Initiated, (vii) personnel belonging to the Stock Exchange services of the companies of the Fluidra Group and (viii) the persons expressly designated by Legal Advising at the proposal of the Regulatory Compliance body. In accordance with article 10 of the Internal Rules of Conduct, the following is established in relation to conflicts of interest: Subject Persons in a situation of conflict of interest must observe the following general principles of conduct:
Independence: Subject Persons must act at all times with freedom of judgement, with loyalty to the Company and its shareholders and independently of their own interests or those of any other party. Consequently, they will refrain from favouring their own interests to the expense of the Company's interests. Abstention: They must refrain from acting or influencing decision-making that could affect the persons or entities with which there is a conflict and from accessing Confidential Information affecting such a conflict. Communication: Subject Persons must inform the Company's Manager of Legal Advising of any possible conflicts of interest in which they may find themselves.
A conflict of interest is considered to be any situation in which the Company's interests or those of any of the companies of its group clash with the personal interest of the Subject Person. A personal interest of the Subject Person will exist when the matter affects him/her or persons related to him/her. Finally, in accordance with the provisions of article 35 of the Board Regulations, the execution by the Company of any transaction with Board members and with significant shareholders or with shareholders who are represented on the Board or with persons related to them will be submitted to the Board of Directors for authorization, subject to the prior favourable report of the Audit Committee.

However, the Board's authorization will not be deemed necessary in related-party operations that comply simultaneously with the following three conditions: (i) they are carried out by virtue of contracts with standard terms and conditions applicable en masse to a large number of customers; (ii) they are carried out at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed 1% of the Company's annual revenues.
Board members affected by one of such transactions will not exercise or delegate their vote and will leave the room during the Board meeting while the Board is deliberating on the matter, and will be subtracted from the number of members of the Board for the purposes of determining quorum and majorities in relation to the matter in question.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on:

25/03/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

On 25 March 2020 the Board of Directors of Fluidra, S.A. approved for issue the consolidated annual accounts prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, the notes to the consolidated financial statements and the consolidated directors' report) for the year ended 31 December 2019. In witness whereof, they are hereby signed on this sheet, by all the members of the Board of Directors, as well as by the non-executive secretary of the Board, Mr. Albert Collado Armengol, on each of the sheets comprising the aforementioned documents for identification purposes.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

Piumoc Inversions, S.L.U.
Mr. Bernat Garrigós Castro

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sebastien Simon Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A.

Annual Accounts and Directors' Report

31 December 2019

(Together with the Independent Audit Report thereon)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Audit Report on Financial Statements Issued by an Independent Auditor

Fluidra, S.A.
Financial Statements and Management Report for the year ended December 31, 2019

Ernst & Young, S.L.
Edificio Sarrià Forum
Avda. Sarrià, 102-106
08017 Barcelona
España

Tel: 933 663 700
Fax: 934 053 784
ey.com

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of Fluidra, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of Fluidra, S.A. (the Company), which comprise the statement of financial position at December 31, 2019, the income statement, the statement of other comprehensive income, the statement of changes in equity, the cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of equity and the financial position of the Company at December 31, 2019, and of its financial performance and its cash flows, for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investments in equity instruments of group companies and associates

Descripción	The determination of the recoverable amounts of the Investments in equity instruments in group companies and associates is based on Management estimates that entail using cash flow projections based on current results and expectations for the development of each market, growth rates, profitability, discount rates and tax rates that are described in Note 3 e) x to the accompanying financial statements. Additionally, the assumptions applied in the impairment tests are disclosed in Note 7 to the accompanying financial statements. In 2018, as described in Note 5 to the accompanying financial statements, the Company acquired all the shares of Piscine Luxembourg Holdings 2, S.à.r.l. and recorded this investment for an amount of 1,139 million euros. Consequently, given the relevance of the "Investments in equity instruments in group companies and associates" balance (2019: 1,423 thousand euros) and the sensitivity of certain assumptions considered by Management in the annual impairment tests, we have considered the measurement of financial investments a key audit issue.
Nuestra respuesta	Our audit procedures for this area consisted, among others, in: ▶ Reviewing the analysis made by the Company to identify any indication that the investments in group companies, joint ventures and associates may be impaired. ▶ Reviewing the reasonableness of the main assumptions used, in collaboration with our valuations experts, as well as the processes followed for projecting results, comparing also these assumptions with those used in prior years and understanding the reasons for possible changes; additionally, we have verified the level of compliance of projections with actual data from prior years. ▶ Comparing the carrying amounts of the Company's financial investments with the corresponding amounts of resulting equity in the most recent audited financial statements, as well as discussing with Management the performance and prospects of associates. ▶ Reviewing the disclosures included in the notes to the financial statements required by the applicable regulatory framework for financial information.

Other information: management report

Other information refers exclusively to the 2019 management report, the preparation of which is the responsibility of the parent Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to the non-financial information statement, as well as certain information included in the Corporate Governance Report, as defined in article 35.2 b) of Law 22/2015 on auditing, which solely requires that we verify whether said information has been included in the management report or where applicable, that the management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.

b. a general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the Company obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the management report, and that the remaining the information contained therein is consistent with that provided in the 2019 financial statements and their content and presentation are in conformity with applicable regulations.

Responsibility of the Parent Company's Directors and the audit committee for the financial statements

The directors of the Parent Company are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Company in Spain, and for such internal control as they 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 of the Parent Company 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.

The audit committee of the Parent Company is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 prevailing audit regulations in Spain 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.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's directors.
- Conclude on the appropriateness of the Parent Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company to express and opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Parent Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Parent Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee of the Parent Company

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee of the Parent Company on March 26, 2020.

Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors for 3 years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2020

ANNUAL ACCOUNTS

Balance sheet
Income statement
Statement of recognised income and expense
Statement of total changes in equity
Statement of cash flows
Notes

FLUIDRA, S.A.

Individual Annual Accounts

31 December 2019

SUMMARY

FLUIDRA, S.A.

Balance sheet

31 December 2019 and 2018

(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Assets	Notes	31/12/2019	31/12/2018
Intangible assets	Note 4	**10,831**	**12,267**
Property, plant, and equipment	Note 5	**1,668**	**2,027**
Non-current investments in Group companies and associates	Note 7	**1,425,110**	**1,419,810**
Equity instruments		1,423,817	1,418,457
Loans to companies		1,293	1,353
Non-current investments	Note 8	**1,202**	**1,202**
Equity instruments		-	-
Other financial assets		1,202	1,202
Deferred tax assets	Note 23	**4,968**	**2,676**
Total non-current assets		1,443,779	1,437,982
Trade and other receivables	Note 9	**16,861**	**26,022**
Current investments in Group companies and associates	Note 7	**288,911**	**7,995**
Loans to companies		288,911	7,714
Other financial assets		-	281
Current investments	Notes 10 & 13	**325**	**1,075**
Derivative financial instruments		-	220
Other financial assets		325	855
Current accruals		**1,575**	**736**
Cash and cash equivalents		**6,610**	**9,839**
Total current assets		314,282	45,667
TOTAL ASSETS		1,758,061	1,483,649
Equity			
Shareholders' equity	Note 11	**1,604,053**	**1,365,172**
Capital		195,629	195,629
Share premium		1,148,591	1,148,591
Reserves		27,886	68,520
Profit/(loss) for the year		245,947	(33,878)
Own shares and equity holdings		(14,000)	(13,690)
Valuation adjustments		**-**	**-**
Hedging transactions		-	-
Grants, donations and bequests received		**538**	**131**
Total equity		1,604,591	1,365,303
Liabilities			
Non-current provisions	Note 12	**2,536**	**2,909**
Non-current debt		**58**	**94**
Bank borrowings and other marketable securities	Note 13	-	-
Derivative financial instruments	Note 14	-	-
Other non-current debt		58	94
Deferred tax liabilities	Note 23	**1,144**	**1,148**
Total non-current liabilities		3,738	4,151
Current debt		**-**	**4,338**
Bank borrowings and other marketable securities	Note 13	-	4,338
Derivative financial instruments	Note 14	-	-
Current debt with Group companies and associates	Note 15	**132,898**	**97,067**
Trade and other payables	Note 16	**16,834**	**12,790**
Total current liabilities		149,732	114,195
TOTAL EQUITY AND LIABILITIES		1,758,061	1,483,649

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

FLUIDRA, S.A.

Income statement

31 December 2019 and 2018

(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Notes	31/12/2019	31/12/2018
Revenue	Note 20	**298,306**	**16,036**
Dividend income		280,000	1,491
Services rendered		18,306	14,545
Self-constructed assets		**861**	**517**
Other operating income		**3,099**	**1,082**
Non-trading and other operating income		3,138	1,031
Capital grants released to income during the year		84	56
Profit from sales of fixed assets		(123)	(5)
Personnel expenses	Note 18	**(26,015)**	**(22,858)**
Salaries and wages		(23,393)	(19,793)
Employee benefit expense		(2,622)	(3,065)
Other operating expenses		**(32,363)**	**(31,834)**
External services		(32,300)	(31,801)
Taxes		(63)	(33)
(Charges) /Reversals due to impairment of non-current assets	Notes 7 & 8	-	-
Amortisation and depreciation	Notes 4 & 5	**(5,490)**	**(5,352)**
Impairment and gains/(losses) on disposal of fixed assets		-	**-**
Results from operating activities		238,398	(42,409)
Finance income		**18**	**1,473**
Group companies and associates	Note 20	-	-
Other		18	1,473
Finance cost		**(2,179)**	**(4,211)**
Debt with others		(2,179)	(4,211)
Change in fair value of financial instruments		**(220)**	**741**
Derivative financial instruments		(220)	741
Exchange gains/(losses)		**(255)**	**(517)**
Net finance income/cost		(2,636)	(2,514)
Profit/(loss) before tax		235,762	(44,923)
Income tax	Note 23	**10,185**	**11,045**
Profit/(loss) for the year from continuing operations		245,947	(33,878)

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

FLUIDRA, S.A.

Statement of changes in equity
for the years ended 31 December 2019 and 2018
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

A) Statement of recognised income and expense

(Expressed in thousands of euros)

	Notes	31/12/2019	31/12/2018
Profit/(loss) for the year		**245,947**	**(33,878)**
Income and expenses recognised directly in Equity			
Cash flow hedges	Note 14	**-**	**1,084**
Grants, donations and bequests received		**(16)**	**118**
Tax effect		**4**	**(300)**
Total income and expense recognised directly in Equity		(12)	902
Total recognised income and expense		**245,935**	**(32,976)**

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

FLUIDRA, S.A.

Statement of changes in equity
for the years ended 31 December 2019 and 2018
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

B) Statement of total changes in equity

(Expressed in thousands of euros)

	Capital	Share Premium	Legal legal	Other reserves	Profit/(loss) for the year	Shares and investments in own shares	Valuation adjustments	Grants donations and bequests received	Total
Balance at 1 January 2018	112,629	92,831	15,642	22,723	24,988	(6,888)	(813)	42	261,154
Net profit/(loss) recognised directly in equity	-	-	-	-	-	-	813	89	902
Profit/(loss) for the year	-	-	-	-	(33,878)	-	-	-	(33,878)
Total recognised income and expense in the year	-	-	-	-	(33,878)	-	813	89	(32,976)
Capital increase	83,000	1,055,760		(138)					1,138,622
Transactions with own shares (net)	-	-	-	1,430	-	(6,802)	-	-	(5,372)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Equity-based payments	-	-	-	3,875	-	-	-	-	3,875
Other changes in equity	-	-	2,499	22,489	(24,988)	-	-	-	-
Balance at 31 December 2018	195,629	1,148,591	18,141	50,379	(33,878)	(13,690)	-	131	1,365,303
Net profit/(loss) recognised directly in equity	-	-	-	-	-	-	-	(12)	(12)
Profit/(loss) for the year	-	-	-	-	245,947	-	-	-	245,947
Total recognised income and expense in the year	-	-	-	-	245,947	-	-	(12)	245,935
Capital increase	-	-	-	-	-	-	-	-	-
Transactions with own shares (net)	-	-	-	(8,623)	-	(310)	-	-	(8,933)
Distribution of dividends	-	-	-	-	-	-	-	-	-
Equity-based payments	-	-	-	1,867	-	-	-	419	2,286
Other changes in equity	-	-	-	(33,878)	33,878	-	-	-	-
Balance at 31 December 2019	195,629	1,148,591	18,141	9,745	245,947	(14,000)	-	538	1,604,591

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

FLUIDRA, S.A.

Statement of cash flows
for the years ended
31 December 2019 and 2018

(Expressed in thousands of euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	Notes	31/12/2019	31/12/2018
Cash flows from/(used in) operating activities			
Profit for the year before tax		235,762	(44,923)
Adjustments for:			
Amortisation and depreciation	Notes 4 & 5	5,490	5,352
Impairment allowances	Notes 7 & 8	-	-
(Profit)/loss on the sale of property, plant and equipment		122	-
Finance income		(18)	(1,473)
Finance cost		2,179	4,211
Change in fair value of financial instruments		220	(936)
Change in provisions		(593)	-
Grants recognised in profit and loss		(15)	(578)
Share-based payment expenses		4,498	2,683
(Profit)/loss on the sale of subsidiaries		-	-
Exchange (gains)/losses		255	418
Changes in operating assets and liabilities:			
Trade and other receivables		(280,247)	(408)
Trade and other payables		972	1,627
Other cash flows from/(used in) operating activities			
Interest received		12	1,533
Interest paid		(2,174)	(4,079)
Income tax received/(paid)		18,839	7,686
Cash flows from operating activities		(14,699)	(28,887)
Cash flows from/(used in) investing activities			
Payments for investments in property, plant and equipment	Note 5	(198)	(1,145)
Payments for the acquisition of intangible assets	Notes 4 & 16	(3,648)	(2,620)
Payments for investments in financial assets	Notes 7 & 8	(1)	(148)
Proceeds from the sale of property, plant and equipment		28	91
Sale of subsidiaries	Notes 7 & 10	-	-
Proceeds from sale of investments in financial assets		531	1,092
Proceeds from the sale of subsidiaries in prior years		-	-
Cash flows from/(used in) investing activities		(3,288)	(2,730)

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

	Notes	31/12/2019	31/12/2018
Cash flows from/(used in) financing activities			
Share issues		-	(138)
Acquisition of own equity instruments	Note 11	(10,177)	(7,677)
Disposal of own equity instruments	Note 11	1,246	2,306
Proceeds from grants		-	(132)
Issue of bank borrowings and other marketable securities		-	-
Net proceeds/(payments) on debt with Group companies and associates		28,077	219,038
Redemption and repayment of bank borrowing and other marketable securities		(4,378)	(177,081)
Dividends paid	Note 11	-	-
Cash flows from financing activities		14,768	36,316
Increase /(decrease) in cash and cash equivalents		(3,219)	4,699
Cash and cash equivalents at start of year		9,839	5,192
Effect of currency translation differences on cash flows		(10)	(52)
Cash and cash equivalents at year end		6,610	9,839

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2019.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

1. Nature, activity and composition 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 2002 under the name Aquaria de Inv. Corp., S.L., and changed to its current name on 17 September 2007.

The Company's corporate purpose and activity consists of 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 Company is the parent of a group of companies whose activity consists of the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed in Appendix I also.

On 31 October 2007 Fluidra, S.A. (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 quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

On 2 July 2018 Fluidra, S.A. increased its share capital for a nominal amount of Euros 83,000,000 by issuing and circulating 83,000,000 ordinary shares of Euros 1 par value each, which were fully subscribed by Piscine Luxembourg Holdings 2 S.à.r.l. (penultimate shareholder of the Luxembourg company Zodiac Pool Solutions S.à.r.l., which is the parent 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 was allocated to the share premium.

Following this increase, share capital is represented by 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed and paid up.

2. Basis of presentation

a) True and fair view

The annual accounts at 31 December 2019 have been prepared based on the accounting records of the Company and in accordance with prevailing legislation and the Spanish General Chart of Accounts, to give a true and fair view of the equity and financial position at 31 December 2019 and results of operations, changes in equity, and cash flows for the year then ended.

The company directors expect these 2019 annual accounts to be approved by the shareholders at their general meeting without modification.

The annual accounts are presented in thousands of euros rounded to the nearest thousand. The euro is the Company's functional and presentation currency.

b) Comparative information

The balance sheet, income statement, statement of changes in equity, cash flow statement and the notes thereto for 2019 include comparative figures for 2018, which formed part of the 2018 annual accounts approved by shareholders at the annual general meeting held on 8 May 2019.

c) Group companies

As mentioned in note 7, the Company has a stake in subsidiaries. As a result, the Company is the parent of a Group of companies in accordance with current legislation. In addition to these individual annual accounts, on 25 March 2020 the directors prepared the consolidated annual accounts of Fluidra, S.A. and subsidiaries at 31 December 2019 in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), which show profit attributable to equity holders of the Parent of Euros 8,322 thousand (a loss of Euros 33,922 thousand in 2018) and equity of Euros 1,445,492 thousand (Euros 1,440,721 thousand in 2018). The consolidated annual accounts will be filed at the Barcelona Mercantile Registry.

d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company’s accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

Significant accounting estimates and key assumptions and judgements when applying accounting policies

In the Company's 2018 annual accounts, estimates were used by Management in order to quantify certain assets, liabilities, income, expenses and commitments reported therein. These estimates basically refer to:

- Impairment of investments in Group companies and associates:

An impairment analysis of investments in Group companies and associates includes an analysis of their recoverable amount, which is understood to be the higher of the fair value less costs to sell and the present value of the cash flows expected to be received. This recoverable amount is calculated using cash flow projections based on past results and development expectations for each of the markets (see note 3, section e). The calculation of the recoverable amount requires the use of estimates by management. The key assumptions used to determine fair value less costs to sell and the value in use include the growth rates, profitability, the discount rate and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment loss. In addition, the capitalisation value is used as a reference.

- The fair value of financial instruments and of certain unquoted assets (see note 3f).
- The fair value of the commitment to the Company's management team to acquire an ownership interest in the Company's share capital (see note 21).
- Reasons that justify the classification of income from dividends and impairment losses on non-current assets within operating results (see note 3 e, section vii and note 18).
- Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2019 and 2018, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments made in future reporting periods is recognised prospectively.

3. Significant accounting policies

The accounting principles and measurement criteria contained in the General Chart of Accounts have been used to prepare the annual accounts at 31 December 2019 and 2018.

The most significant ones are summarised as follows:

a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated to euros at the closing exchange rate, while non-monetary items measured at historical cost are translated at the exchange rate prevailing at the transaction date.

In the cash flow statement, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currency is presented under a separate caption in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and on the translation into euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

b) Intangible assets

Intangible assets are measured at cost of acquisition or production. The production cost of inventories includes the acquisition cost of the asset, other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the transformation process.

Production costs are capitalised in the income statement under Self-constructed assets. Intangible assets are presented in the balance sheet at cost, less any accumulated amortisation and impairment allowances.

Subsequent costs incurred in intangible assets are recorded as expenses, unless they increase the future economic benefits expected from the assets.

i. Computer software

Computer software acquired and produced by the Company is recognised when it meets the conditions set out for development expenses.

Computer software maintenance costs are charged as expenses when incurred.

ii. Research and development

Expenses related to research activities are recognised as an expense in the income statement when incurred.

The Company capitalises the development costs incurred in specific and individualised projects that meet the following conditions:

- Payments attributable to the performance of the project can be measured reliably.

- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

If the Company is unable to distinguish the research stage from the development stage, the costs incurred are recognised as research expenses.

Costs recognised in profit and loss in previous years cannot subsequently be capitalised when they meet these conditions.

Upon registration in the corresponding Public Registry, development expenses are reclassified to the caption Patents, licences, trademarks and other similar items.

iii. Useful life and amortisation

The Company assesses the intangible asset's useful life to be either finite or indefinite. An intangible asset is deemed to have an indefinite useful life when there is no foreseeable limit to when it will generate net cash flows.

Intangible assets with finite useful lives are amortised by systematically allocating the amortisable amount over their useful lives using the following criteria:

	Amortisation method	Estimated years of useful life
Development	Straight-line basis	4
Patents and brands	Straight-line basis	5-10
Computer software	Straight-line basis	4-5

To this end, amortisable amount is understood as acquisition cost less residual value, if applicable.

The Company deems the residual value of assets to be zero, unless:

a) There is a commitment from a third part to purchase the asset at the end of its useful life.

b) There is an active market for the intangible asset, and:

   i. Residual value can be determined using this market; and

   ii. It is likely that this market subsists at the end of the useful life of the asset.

The Company reviews the residual value, useful life and amortisation method of intangible assets at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

In accordance with Royal Decree 602/2016 of 2 December, modifying the General Chart of Accounts, goodwill and intangible assets with an indefinite useful life will be amortised over a maximum period of 10 years. No goodwill or intangible assets with indefinite useful life are included on the Company's balance sheet.

iv. Impairment

The Company measures and determines valuation allowances for impairment of intangible assets and any reversals thereof in accordance with the criteria described in the section on property, plant and equipment.

c) Property, plant, and equipment

i) Initial recognition

Property, plant and equipment are measured at cost of acquisition or production. The production cost of inventories includes the acquisition cost of the asset, other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the production process. Production costs are capitalised in the income statement under Self-constructed assets. Property, plant and equipment are presented in the balance sheet at cost, less any accumulated amortisation and impairment allowances.

ii) Amortisation and depreciation

Property, plant and equipment items are depreciated by allocating their depreciable amount on a systematic basis over their useful lives. To this end, depreciable amount is understood as acquisition cost less residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful life
Other installations, equipment and furniture	Straight-line basis	5-12
Other property, plant, and equipment	Straight-line basis	4-8

The Company reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

iii) Subsequent costs

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of servicing are recognised in profit and loss as incurred.

Replacements of property, plant and equipment which meet the requirements for capitalisation are recognised together with a reduction of the carrying amount of the items replaced. In those cases in which the cost of the replaced items has not been depreciated separately and it is not practicable to determine the carrying amount thereof, the cost of the replacement is used as an indication of the cost of the replaced item at the date it was acquired or constructed.

Impairment of non-financial assets subject to amortisation or depreciation

The Company evaluates whether there are indications of possible impairment losses to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Additionally, and regardless of the existence of any indication of impairment, the Company tests intangible assets not yet ready to be put to use for potential impairment at least annually.

The calculation of an asset's value in use reflects an estimate of the future cash flows expected to derive from the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset. Impairment losses are recognised in the income statement and are only reversed if there has been a change in the estimates used to calculate the asset's recoverable amount.

Where the Company has reasonable doubts as to the technical success or financial and commercial feasibility of in-progress research and development projects, the amounts in the balance sheet are recognised directly in losses on the disposal of intangible assets in the income statement and may not be reversed.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

Any reversals of impairment losses are charged to the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset. After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

d) Leases

i. <u>Lessee accounting</u>

The Company has the right to use certain assets under lease agreements.

Leases in which, at the start of the agreement, the Company assumes substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases; all other leases are classified as operating leases.

- *Operating leases*

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

e) Financial instruments

i. <u>Classification and separation of financial instruments</u>

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

Furthermore, for measurement purposes financial instruments are classified into financial assets and liabilities held for trading, loans and receivables, debt and payables, investments in the equity of Group companies, joint ventures and associates and available for sale financial assets and financial liabilities. They are classified under the categories above in accordance with the characteristics of the instrument and the purpose that influenced their purchase.

Regular purchases and sales of financial assets are recognised on the trade date; i.e. the date on which the Company commits to purchase or sell the asset.

ii. <u>Offsetting principles</u>

A financial asset and a financial liability are offset only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

iii. <u>Financial assets and liabilities at fair value through profit or loss</u>

This heading includes derivative financial instruments that have not been designated as hedging instruments.

Equity instruments that are not listed on an active market and whose fair value cannot be reliably measured are not classified into this category.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense in the income statement as incurred.

After initial recognition, they are recorded at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

iv. <u>Loans and receivables</u>

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. Financial assets included in this category are initially measured at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

v. Investments in the equity of Group companies, joint ventures and associates

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same Management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Associates are defined as the entities over which the Company has significant influence, either directly or through other subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of a company but no control or joint control over it is held. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other companies, are considered when assessing whether an entity has significant influence.

The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

After initial recognition, they are measured at cost less any accumulated impairment, if applicable.

If an investment no longer meets the conditions for classification in this category, it is reclassified to available for sale investments and it is measured as such from the date of reclassification.

At least at year end, the necessary value adjustments are carried out provided there is objective evidence that the carrying value of an investment will not be recoverable. If amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood to be the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment (see section x).

vi. Available-for-sale financial assets

This category includes the acquisition of debt securities and equity instruments that do not meet the requirements for classification in the previous categories.

Available-for-sale financial assets are initially measured at fair value plus directly attributable transaction costs.

After initial recognition, financial assets classified in this category are measured at fair value, and any related gain or loss is recorded in recognised income and expense, except for impairment losses. Fair value is not reduced by transaction costs incurred on sale or disposal. The amounts recognised in equity are included in profit and loss when the financial assets are derecognised and for the impairment loss mentioned in section x), if applicable. However, interest calculated using the effective interest rate method and dividends are recognised in profit or loss using the criteria set out in section vii).

vii. Interest and dividends

Interest is recognised using the effective interest rate method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them and they are recorded under revenue given the Company's business activity. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

viii. Fair value

The fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Company generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Firstly, the Company applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. For this purpose, the bid price is used for assets purchased or liabilities to be issued and the offer price for assets to be purchased or liabilities issued. If the Company has assets and liabilities that offset market risks against each other, average market prices are used for the offset risk positions, applying the appropriate price to the net position.

- If there are no market prices available, the prices of recent transactions are used, adjusted for conditions.

- Otherwise, the Company applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Company data.

ix. Amortised cost

The amortised cost of a financial asset or liability is the amount for which it was initially measured less repayment of the principal, plus or less the gradual accumulated allocation or repayment, using the effective interest rate method, of any difference existing between the initial value and the repayment value at maturity, less any decrease due to impairment loss or default.

Additionally, the effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or shorter where appropriate, to the carrying amount of the financial asset or liability. For financial instruments in which the variable to which commissions, basis points, transactions costs, discounts and premiums are related is reviewed at market rates before expected maturity, the amortisation period is that until the next review of conditions.

Cash flows are estimated considering all contractual conditions of the financial instrument, excluding future credit losses. The calculation includes the commissions and basis points of interest paid or received by the parties to the contract, as well as the transaction costs and any other premium or discount. In the event that the Company cannot reliably estimate cash flows or the expected life of a financial instrument, contractual cash flows over the whole contractual period are used.

x. Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets measured at amortised cost

The Company recognises impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

The amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, excluding future credit losses not incurred, discounted at the asset's original effective interest rate. For variable income financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used.

Impairment losses are recognised in profit or loss, and can be reversed in subsequent years if the decrease can be objectively related to an event subsequent to their recognition. However, the loss can only be reversed up to the limit of the amortised cost of the asset that would have been recorded had the impairment loss not been recognised.

- Investments in Group companies, associates and joint ventures and equity instruments carried at cost

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is recorded in the income statement.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies. In this last circumstance, a provision is recognised.

- Impairment of available-for-sale financial assets

In the case of available-for-sale financial assets, the decrease in fair value that is recorded directly in recognised income and expense is recognised in profit or loss when there is objective evidence of impairment, even though the financial asset has not been derecognised from the consolidated statement of financial position. The impairment loss recognised in profit and loss is calculated as the difference between cost or amortised cost, less any impairment loss previously recognised in the income statement and fair value.

For available-for-sale equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value. In any case, the instrument is considered to be impaired after a decline of a year and a half and of forty percent of its quoted price, when its value has not recovered.

However, in cases in which there is a decrease in the fair value of these instruments with a subsequent recovery to above the reference listed price, the year and a half will be counted from the date on which, after this recovery, the listed price begins to drop again for a prolonged period, unless the recovery of the fair value was an isolated event of minor significance, in which case, the year and a half is counted from the first drop. This same criterion is applicable to determine if there has been a drop in the listed price by forty percent. For these purposes, the reference listed price is understood to be the initial measurement of the asset, or the average weighted measurement based on groups of similar items, in the event that several acquisitions were made.

Impairment losses on investments in equity instruments cannot be reversed. Subsequent increases in fair value, once the impairment loss has been recognised, are recorded in equity.

The increase in the fair value of debt instruments, which can be objectively related to an event subsequent to the recognition of the impairment loss, is recorded against profit or loss up to the amount of the previously recognised impairment loss, and the surplus, if any, against recognised income and expense.

xi. Financial liabilities

Financial liabilities, including trade and other payables, that are not classified at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

f) Derivatives and hedge accounting

The Company uses derivative financial instruments to cover the interest rate and foreign currency risks derived from its activity. Under the Fluidra Group's finance policies, the Company does not acquire or hold financial derivatives for trading. However, the derivative financial instruments that do not qualify as hedging derivatives are recorded as trading instruments.

Derivative financial instruments are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit and loss, inasmuch as they do not form part of the changes in the effective value of the hedge.

At the inception of the hedge, the Company formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent periods in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80% - 125% (retrospective analysis).

For cash flow hedges of a forecast transaction, the Company assesses whether the forecast transaction that is the subject of the hedge is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

- *Cash flow hedges*

The Company recognises as recognised income and expense the gain or loss on the measurement at fair value of a hedging instrument that correspond to the portion determined to be an effective hedge. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised in change in fair value of financial instruments.

The separate component of equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Company expects that all or part of a loss recognised in equity will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered to profit or loss as finance income or cost.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in equity are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the income statement.

The Company prospectively discontinues hedge accounting when the circumstances mentioned in fair value hedges occur. In these cases, the cumulative gain or loss on the hedging instrument recognised in equity is not recognised in profit or loss until the forecast transaction occurs. Notwithstanding the foregoing, accumulated amounts in equity are reclassified to changes in the fair value of financial instruments in the income statement when the Company does not expect the transaction to occur.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. This caption also includes other short-term highly-liquid investments readily convertible into specific amounts of cash that do not mature beyond three months.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

The Company classifies cash flows corresponding to interest earned and interest paid as an operating activity. Dividends received from subsidiaries are classified as operating activities and dividends paid by the Company, as financing activities.

h) Grants, donations and bequests

Grants, donations and bequests are recorded in recognised income and expense when, where applicable, they have been officially awarded, the conditions attached to them have been met or there is reasonable assurance that they will be received.

Financial liabilities comprising implicit assistance in the form of below-market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

i) Own equity instruments held by the Company

The acquisition by the Company of equity instruments is presented separately at acquisition cost as a decrease in shareholders' equity in the balance sheet. In the transactions entered into with own equity instruments no profit or loss is recognised in the income statement.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are recorded as a decrease in reserves, net of any tax effect.

Dividends related to equity instruments are recorded as a reduction in equity when they are approved by the shareholders in general meeting.

j) Classification of current and non-current assets and liabilities

The Company classifies assets and liabilities in the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current in accordance with the following criteria:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for trading, they are expected to be realised within twelve months from the reporting date, or are cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period, or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current liabilities when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.
- Deferred tax assets and deferred tax liabilities are recognised in the balance sheet as non-current assets and non-current liabilities, irrespective of the expected date of recovery or settlement.

k) Termination benefits

Unless otherwise justified, the Company is obliged to compensate its employees when it terminates their services. Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

Termination benefits for voluntary redundancy are recognised when the scheme is announced and there is no realistic likelihood of the offer being withdrawn. These payments are measured based on the best estimate of the group of employees to be included in the plan.

l) Obligations with employees

In accordance with the agreements signed with executives, in the event of permanent invalidity, a percentage of the previously earned remuneration is paid yearly until death. At 31 December 2019 and 2018, there is no liability under this heading, as the obligation has been outsourced.

m) Share-based payment transactions

The Company recognises a personnel expense for all employee services received in share-based payment transactions upon receipt of said services, and the corresponding increase in equity if the transaction is settled with equity instruments or the corresponding liability if the transaction is paid with an amount based on the value of equity instruments.

The Company recognises equity-settled share-based payments, including non-monetary contributions to capital increases and the corresponding increase in equity, at the fair value of the goods or services received, unless fair value cannot be estimated reliably, in which case value is determined by reference to the fair value of the equity instruments granted.

The delivery of equity instruments as consideration for the services performed by the employees of the Company or third parties providing similar services are measured by reference to the fair value of the equity instruments granted.

Employee benefits paid in the form of equity instruments are recognised by applying the following criteria:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised with a charge to the income statement, with a corresponding increase under Other equity instruments;

- If the equity instruments granted vest when the employees complete a specified service period, those services are accounted for during the vesting period, with a credit to Other equity instruments.

The Company measures the fair value of the instruments granted to employees at the grant date.

Market-related vesting conditions are taken into account when calculating the fair value of the equity instruments granted. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Company recognises an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest, revising this estimate if the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised in Other equity instruments, no additional adjustments to equity are made after the vesting date, without prejudice to making the corresponding reclassifications in equity.

n) Revenue from the rendering of services

Revenue from the rendering of services is recognised at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration are recognised as a reduction in the consideration.

However, the Company includes interest on trade receivables maturing in less than a year that do not specify a contractual interest rate when the result of upgrading the cash flows is insignificant.

Discounts given to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

Revenues associated with the rendering of services are recognised in the income statement by reference to the stage of completion at the reporting date when revenues, the stage of completion, the costs incurred and the costs to complete the transaction can be estimated reliably and it is probable that the economic benefits derived from the transaction will flow to the Company.

o) Income tax

Tax expense (income) comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except to the extent that the tax arises from: (i) a transaction or event which is recognised, in the same or a different period, outside profit or loss, directly in equity or a business combination.

Deductions and other income tax relief granted by public administrations as a decrease on the amount payable for this tax are recognised as a decrease in the corporate income tax expense in the year in which they are accrued.

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities (see note 23).

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

* Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.

* Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies.

Recognition of taxable temporary differences

Deferred tax liabilities deriving from taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Recognition of deductible temporary differences

Deferred tax assets arising on deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilised. Assets that arise 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, affect neither accounting profit nor taxable income are not recognised.

Tax planning opportunities are only considered for the purpose of assessing the recoverability of deferred tax assets if the Company intends to use them or it is probable that it will use them.

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and factoring in the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

p) Transactions between Group companies

Transactions between Group companies are recognised at fair value of the consideration given or received. The difference between this value and the amount agreed, if applicable, is recognised in line with the underlying economic substance of the transaction.

4. Intangible assets

Details of intangible assets and movement during 2019 and 2018 are as follows:

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Cost					
Patents, licences, trademarks and other similar rights	1,180	28	-	-	1,208
Computer software	29,056	3,469	(160)	352	32,717
Assets under construction	354	151	-	(352)	153
	30,590	3,648	(160)	-	34,078
Accumulated amortisation					
Patents, licences, trademarks and other similar rights	(708)	(106)	-	-	(814)
Computer software	(17,615)	(4,856)	38	-	(22,433)
	(18,323)	(4,962)	38	-	(23,247)
Carrying amount	12,267	(1,314)	(122)	-	10,831

	Thousands of euros				
	Balances at 31/12/2017	Additions	Impairment	Transfers	Balances at 31/12/2018
Cost					
Development	1,247	-	(1,247)	-	-
Patents, licences, trademarks and other similar rights	1,149	31	-	-	1,180
Computer software	26,833	2,252	(87)	58	29,056
Assets under construction	75	337	-	(58)	354
	29,304	2,620	(1,334)	-	30,590
Accumulated amortisation					
Development	(1,246)	-	1,246	-	-
Patents, licences, trademarks and other similar rights	(603)	(105)	-	-	(708)
Computer software	(12,838)	(4,777)	-	-	(17,615)
	(14,687)	(4,882)	1,246	-	(18,323)
Carrying amount	14,617	(2,262)	(88)	-	12,267

a) Patents, licences, trademarks and other similar rights

Additions in 2019 and 2018 mainly related to exclusivity rights over the Fluidra trademark in various countries.

b) Computer software

Capitalised expenses relate to the cost of software licences acquired, external expenses relating to the development of the corporate ERP and personnel expenses for Company staff involved in the development, which are capitalised in the caption Self-constructed assets. In 2019 computer software amounting to Euros 862 thousand (Euros 517 thousand in 2018) has been capitalised.

c) Fully amortised assets

The cost of fully amortised intangible assets still in use at 31 December is as follows:

	Thousands of euros	
	2019	2018
Patents, licences, trademarks and other similar rights	215	105
Computer software	9,531	4,776
	9,746	4,881

5. Property, plant and equipment

Details of property, plant and equipment and movement during 2019 and 2018 are as follows:

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Cost					
Other installations, equipment and furniture	1,899	37	-	-	1,936
Other property, plant and equipment	4,126	154	(25)	-	4,255
Property, plant and equipment under construction	26	7	(26)	-	7
	6,051	198	(51)	-	6,198
Accumulated depreciation					
Other installations, equipment and furniture	(979)	(102)	-	-	(1,081)
Other property, plant and equipment	(3,045)	(427)	23	-	(3,449)
	(4,024)	(529)	23	-	(4,530)
Carrying amount	2,027	(331)	(28)	-	1,668

	Thousands of euros				
	Balances at 31/12/2017	Additions	Disposals	Transfers	Balances at 31/12/2018
Cost					
Other installations, equipment and furniture	1,287	612	-	-	1,899
Other property, plant and equipment	3,615	507	(3)	7	4,126
Property, plant and equipment under construction	7	26	-	(7)	26
	4,909	1,145	(3)	-	6,051
Accumulated depreciation					
Other installations, equipment and furniture	(908)	(71)	-	-	(979)
Other property, plant and equipment	(2,646)	(399)	-	-	(3,045)
	(3,554)	(470)	-	-	(4,024)
Carrying amount	1,355	675	(3)	-	2,027

a) Fully depreciated assets

The cost of fully depreciated property, plant and equipment still in use at 31 December is as follows:

	Thousands of euros	
	2019	2018
Other installations, tools and furniture	1,284	1,165
Other property, plant and equipment	3,531	2,873
	4,815	4,038

b) Insurance

The Company has taken out several insurance policies to cover the risks to which its property, plant and equipment items are exposed. The coverage of these policies is considered sufficient.

6. Operating leases - Lessee

The Company has leased from third parties several floors in office buildings and parking spaces, as well as several vehicles and other assets under operating leases.

The most significant lease contracts are as follows:

- Floor twenty of the building in Avinguda Francesc Macià, 60 in Sabadell (Barcelona). The lease matures in 2020.

- Floor seventeen of the building in Avinguda Francesc Macià, 60 in Sabadell (Barcelona). The lease matures in 2023.

- Offices in Calle Ametllers, 6 in Polinyà (Barcelona). The lease matures in 2020.

Operating lease payments recognised as an expense for the year are as follows:

	Thousands of euros	
	2019	2018
Leased offices and parking spaces	883	644
Leased vehicles	219	197
Other assets under lease	99	34
	1,201	875

Future minimum lease payments under non-cancellable operating leases are as follows:

	Thousands of euros	
	2019	2018
Within one year	350	822
Between one and five years	374	746
	724	1,568

7. Investments in equity instruments of Group companies and associates

Non-current

Movement in non-current investments in equity instruments of Group companies and associates in 2019 and 2018 is as follows:

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Equity instruments					
Interests in Group companies and associates	1,418,457	5,360	-	-	1,423,817
Loans to companies					
Non-current loans to Group companies and associates	1,353	58	(118)	-	1,293
Net carrying amount	1,419,810	5,418	(118)	-	1,425,110

	Thousands of euros				
	Balances at 31/12/2017	Additions	Disposals	Transfers	Balances at 31/12/2018
Equity instruments					
Interests in Group companies and associates	279,498	2,557,217	(1,418,258)	-	1,418,457
Loans to companies					
Non-current loans to Group companies and associates	2,828	-	(1,056)	(419)	1,353
Impairment allowances					
Interest in Group companies and associates	(1,975)	-	1,975	-	-
Net carrying amount	280,351	2,557,217	(1,417,339)	(419)	1,419,810

a) Interests in Group companies and associates

Information relating to interests in Group companies and associates is presented in Appendix I.

In 2019, the Company has made the following movements in interests in Group companies:

- The Company increased its interest in the subsidiary Fluidra Finco, S.L. as a result of the long-term variable remuneration plan aimed at Fluidra, S.A.'s executive directors and management team and the subsidiaries that make up the consolidated group with share-based equity instruments for a total amount of Euros 5,360 thousand.

In 2018, the Company made the following movements in interests in Group companies:

- The Company made a capital contribution to the incorporation of the subsidiary Fluidra Finco, S.L. for Euros 50 thousand.

- The Company recognised the holding in the Luxembourg company Piscine Luxembourg Holdings 3, S.à.r.l. for Euros 1,138,760 thousand relating to the fair value of the equity received by the Company by virtue of the merger with the Zodiac Group on 2 July 2018 (see note 1).

- Subsequently, the Company transferred to the subsidiary Fluidra Finco, S.L. all of its holdings in Group companies and associates, net of the relevant value adjustments, and thus recorded a disposal of interests in Group companies and associates of Euros 1,418,258 thousand and a disposal of value corrections due to impairment of holdings in Group companies and associates for Euros 1,975 thousand. Details of interests in derecognised Group companies and associates are as follows: Fluidra Commercial, S.A.U. (Euros 128,909 thousand), Fluidra Industry, S.A.U. (Euros 89,721 thousand), Manufacturas Gre, S.A.U. (Euros 31,850 thousand), Trace Logistics, S.A.U. (Euros 4,463 thousand), Fluidra Services España, S.L.U. (Euros 1,475 thousand), Innodrip, S.L.U. (Euros 1,160 thousand), Fluidra Services France, S.A.S. (Euros 21,920 thousand) and Piscine Luxembourg Holdings 3, S.à.r.l. (Euros 1,138,760 thousand). Details of derecognised impairment adjustments of interests in Group companies and associates are as follows: Fluidra Services España, S.L.U. (Euros 1,195 thousand) and Innodrip, S.L.U. (Euros 780 thousand).

- As a result of the transfer of holdings and value corrections due to impairment adjustments mentioned above, the Company increased its holding in the subsidiary Fluidra Finco, S.L. by Euros 1,416,283 thousand.

- In addition, the holding in the subsidiary Fluidra Finco, S.L. was increased with a contribution from the minority shareholder Accent Graphic, S.L.U. for Euros 230 thousand (see note 8).

- The Company also increased its interest in the subsidiary Fluidra Finco, S.L. as a result of the long-term variable remuneration plan aimed at Fluidra, S.A.'s executive directors and management team and the subsidiaries that make up the consolidated group with share-based equity instruments for a total amount of Euros 1,894 thousand.

None of the Group companies in which the Company has holdings are listed on the stock exchange.

In accordance with article 13.1 of the rewritten text of the Spanish Companies Act, Group companies that are single shareholder companies are entered as such on the Mercantile Register.

The recoverable amount of the groups and companies in which the Company holds interests has been estimated as the current value of the Company's interest in the cash flows expected to be generated by these groups and companies on ordinary activities. To calculate this recoverable value, the Company takes into consideration fair value calculations less costs to sell for each cash-generating unit (CGU) in its consolidated group. These calculations are based on cash flow projections from financial budgets approved by Management covering a four-year period, extended to a ten-year period to progressively standardise flows using a long-term growth rate estimated at between 1.71% and 1.98% (between 1.55% and 2.29% in 2018). The growth rate does not exceed the medium- and long-term growth rate for the businesses in which the CGUs operate. The discount rates after taxes used range between 6.32% and 10.00% (between 6.43% and 11.09% in 2018). However, this recoverable value is analysed from an individual perspective for each of the directly and indirectly held subsidiaries of the Company, based on the forecast evolution of each subsidiary in line with the average projections and discount rates used for CGUs, taking into account their borrowings.

The Group's market capitalisation at 31 December 2019 amounts to Euros 2,386.7 million (Euros 1,915.2 million at 31 December 2018).

The Company has not recorded any valuation adjustments in 2019.

During 2018, the Company derecognised the impairment adjustments recorded up to that date for a total of Euros 1,975 thousand, corresponding to Fluidra Services España, S.L.U. (Euros 1,195 thousand) and Innodrip, S.L.U. (Euros 780 thousand). This derecognition was recorded as a result of the transfer of the interests held in Group companies and associates, net of impairment adjustments, to the subsidiary Fluidra Finco, S.L.U.

b) Loans to Group companies

At 31 December 2019 there are two loans granted to Fluidra Australia Pty Ltd for Euros 1,743 thousand. The first loan was arranged on 21 July 2015 for USD 1,200. The second loan was arranged on 24 February 2017 for USD 1,400; at 31 December 2019 the outstanding balance is USD 1,860 in relation to the two aforementioned loans.

In 2019, movement in Non-current loans to Group companies and associates relates to the provision for interest and exchange differences on the loans granted to Fluidra Australia Pty Ltd, as these loans are granted in a currency other than the Euro.

At 31 December 2019, Current debt with Group companies on loans includes Euros 427 thousand relating to the current portion of the two loans mentioned above (Euros 419 in 2018).

Current

Details of current investments in Group companies and associates at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
Receivables from Group companies under the consolidated tax regime	8,474	7,287
Receivables from Group companies for cash-pooling	-	281
Receivables from Group companies for current loans	280,437	427
	288,911	7,995

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities (see note 23).

Balances receivable under this heading from different Group companies subject to the consolidated tax regime are recorded under Receivables from Group companies under the consolidated tax regime.

Details of debt between Group companies, by company, as a result of the tax effect generated by the consolidated tax regime are as follows:

	Thousands of euros	
Debtors	2019	2018
Fluidra Comercial España, S.A.U.	1,900	1,715
Sacopa, S.A.U.	1,497	1,362
Cepex, S.A.U	930	985
Metalast, S.A.U.	924	823
I.D.Electroquímica, S.L.U.	786	545
Fluidra Industry, S.A.U.	570	108
Poltank, S.A.U.	493	647
Inquide, S.A.U.	320	191
Unistral Recambios, S.A.U.	249	235
Fluidra Export, S.A.	237	374
Industrias Mecánicas Lago, S.A.U.	228	173
Fluidra Global Distribution, S.L.U.	179	-
Togama, S.A.U.	88	13
Trace Logistics, S.A.	73	116
	8,474	7,287

In addition, at 31 December 2018, after creating the subsidiary Fluidra Finco, S.L., the majority of the centralised cash-pooling function had been transferred, leaving only the centralised function of certain less significant credit facilities with Fluidra, S.A.

At 31 December 2019, Fluidra, S.A. only maintains the centralised function in Deutsche Bank with minor balances, reflecting the total bank debt under the caption “Bank borrowings and other marketable securities”.

Balances receivable and payable under this heading with Group companies that are part of the centralised cash-pooling accounts are recorded in assets and liabilities under “Accounts with Group companies for cash pooling”. In this regard, distinction should be made between the net position of Fluidra, S.A. on cash-pooling credit facilities centralised by Fluidra Finco, S.L., which is a credit position at 31 December 2019 (see note 15 Cash-pooling payables (Fluidra Finco, S.L.)), and the net position (receivable or payable) with the rest of the Group companies on the cash-pooling credit facilities centralised by Fluidra, S.A.

At 31 December 2019, there are no outstanding cash pooling balances.

At 31 December 2018, there was an outstanding balance of Euros 281 thousand from Astral Pool Switzerland, S.A. recorded in Swiss francs under Receivables from Group companies for cash-pooling.

Receivables with Group companies for current loans includes the interim dividend distributed by the subsidiary Fluidra Finco, S.L.U. on 31 December 2019 for Euros 280,000 thousand.

8. Non-current investments

Details of non-current investments and movement in 2019 and 2018 are as follows:

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Equity instruments	-	-	-	-	-
Other financial assets					
Other financial assets	1,202	1	(1)	-	1,202
	1,202	1	(1)	-	1,202
Net carrying amount	1,202	1	(1)	-	1,202

	Thousands of euros				
	Balances at 31/12/2017	Additions	Disposals	Transfers	Balances at 31/12/2018
Equity instruments	230	-	(230)	-	-
Other financial assets					
Other financial assets	1,219	14	(31)	-	1,202
	1,449	14	(261)	-	1,202
Net carrying amount	1,449	14	(261)	-	1,202

Equity instruments are classified under available for sale financial assets, while other financial assets and non-current loans to Group companies, current investments in Group companies and associates (see note 7) and trade and other receivables (see note 9) are classified under loans and receivables. There are no significant differences between the fair values and the carrying amounts of these categories.

Other financial assets mainly includes the non-current receivable from shareholders (see note 23)

9. Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Receivables, Group companies	5,718	7,129
Other receivables	111	389
Current income tax assets (see note 23)	5,659	14,316
Public administrations	5,373	4,188
	16,861	26,022

During 2019 and 2018 there have been no impairment adjustments.

10. Current investments

Details of current investments are as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Derivative financial instruments (see note 14)	0	220
Current loans	325	855
	325	1,075

At 31 December 2019, current loans comprises funds for own shares (at 31 December 2018 this included Euros 855 thousand for the same item).

11. Equity

a) Share capital

At 31 December 2019 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. The shares bear the same political and financial rights.

On 31 October 2007 Fluidra, S.A. (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.

Since this date, the shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant ownership interest at 31 December 2019 and 2018 is as follows:

Ownership percentage	31/12/2019	31/12/2018
Rhône Capital L.L.C.	38.42%	42.43%
Boyser, S.R.L.	8.13%	8.13%
Dispur, S.L.	7.07%	7.07%
Edrem, S.L.	6.93%	5.06%
Piumoc Inversions, S.L.U.	5.07%	5.07%
Maveor, S.L.	5.00%	2.88%
Other shareholders	29.38%	29.36%
	100.00%	100.00%

On 3 November 2017, Fluidra, S.A., the syndicated shareholders of the Company, Piscine Luxembourg Holdings 1 S.à.r.l. and Piscine Luxembourg Holdings 2 S.à.r.l., as ultimate and penultimate holding companies, respectively, of the Luxembourgian company Zodiac Pool Solutions S.à.r.l., signed an investment agreement whereby they agreed to combine the businesses of the Fluidra Group and the Zodiac Group by means of a cross-border merger.

Specifically, the transaction described consists of the cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) in the terms set forth in articles 22 and thereafter of Act 3/2009 of 3 April, on structural modifications to corporations and articles 257 and thereafter of the Luxembourgian Corporations Law of 10 August 1915 (loi du 10 août 1915 sur les sociétés commerciales), with the termination by dissolution without liquidation, of the absorbed company and transfer en bloc of all of its equity to the absorbing company, which shall acquire, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the join merger project.

The General Meeting of Shareholders of Fluidra, S.A. approved the merger on 20 February 2018 and it finally took effect on 2 July 2018.

The rate of exchange at which the shares of Piscine Luxembourg Holdings 2 S.à r.l. were swapped for Fluidra, S.A. shares is as follows: 69.1666667 ordinary shares in Fluidra, S.A. at Euros 1 par value for each ordinary share in Piscine Luxembourg Holdings 2 S.à.r.l. of Euros 0.01 par value, with no additional monetary compensation. This rate of exchange was verified by an independent expert appointed by the Mercantile Registry.

By virtue of the merger and in accordance with the rate of exchange stated, Fluidra, S.A. issued 83,000,000 new ordinary shares at Euros 1 par value each, representing 42.43% of the share capital of Fluidra, S.A. after the merger, which were submitted to and subscribed by Piscine Luxembourg Holdings 1, S.à.r.l., sole shareholder of the absorbed company, controlled by Rhône Capital. Fluidra, S.A.'s other shareholders (including the Company itself by virtue of its own shares held) were joint owners of 57.57% of the share capital after the merger.

For accounting purposes, this merger was treated as a direct acquisition, whereby Fluidra, S.A. was considered as the acquiring entity. Fluidra, S.A. received fair value in the amount of Euros 1,138,760 thousand by virtue of the merger and this same amount is recorded in Interests in Group companies and associates under Non-current investments in Group companies and associates (see note 7). The difference between the fair value of the equity received by Fluidra, S.A. by virtue of the merger and the par value was allocated to the share premium.

The fair value of the shares transferred was determined by the quoted price of Fluidra, S.A. on 29 June 2018 (Euros 13.72 per share).

b) Share premium

This reserve can be freely distributed, except for the provisions established in section c) ii) of this note.

c) Reserves

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Legal reserve	18,141	18,141
Voluntary reserve	9,745	50,379
	27,886	68,520

i) Legal reserve

Pursuant to article 274 of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

This reserve can be used to increase capital by the amount exceeding 10% of the new capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

ii) Voluntary reserves

The Company's voluntary reserves at 31 December 2019 amounting to Euros 9,745 thousand (Euros 50,379 thousand at 31 December 2018), as well as the share premium and profit/(loss) for the year, are freely available, but are subject to the legal restrictions on distribution included in article 273 of the rewritten text of the Spanish Companies Act in Royal Decree 1/2010 of 2 July.

d) Dividends

In accordance with the minutes from the Ordinary General Shareholders' Meeting held on 8 May 2019, no resolution to distribute a dividend for 2019 was agreed.

e) Treasury shares

The movements in treasury shares during 2019 and 2018 are as follows:

		Euros	
	Number	Face value	Average acquisition/disposal price
Balance at 01/01/2018	1,639,238	1,639,238	4.2024
Acquisitions	682,758	682,758	11.2446
Disposals	(185,308)	(185,308)	(12.4435)
Balance at 31/12/2018	2,136,688	2,136,688	6.4072
Acquisitions	937,600	937,600	10.8543
Disposals	(1,492,890)	(1,492,890)	(9.2444)
Balances at 31/12/2019	1,581,398	1,581,398	8.8527

The time and maximum percentage limits of treasury shares meet the statutory limits.

No Group company owns shares from the Parent Company.

f) Valuation adjustments

This caption includes gains and losses on the measurement at fair value of the hedging instrument that corresponds to the portion identified as an efficient hedge, net of tax effect, if any.

g) Proposed distribution of results

The allocation of the Company's results for the year ended 31 December 2018, approved by shareholders at their general meeting on 8 May 2019, and the proposed distribution of the Company's 2019 results are as follows:

	Euros	
	31/12/2019	31/12/2018
Basis of allocation:		
Profit for the year	245,947,002.26	(33,877,643.89)
Distribution to:		
Legal reserves	20.984.520,07	-
Voluntary reserves	191.084.838,30	-
Dividends	-	-
Prior years' losses	33,877,643.89	(33,877,643.89)
	245,947,002.26	(33,877,643.89)

12. Provisions

A breakdown of Other provisions is as follows:

	Thousands of euros	
	2019	2018
Provisions for taxes	2,516	2,254
Provisions for obligations with employees	15	650
Litigation and other liabilities	5	5
Total	2,536	2,909

Non-current provisions is broken down into three headings: Provisions for taxes to cover potential risks related to tax obligations; Provisions for obligations to employees recorded in accordance with employment legislation to cover potential future employee compensation and benefits; and Provisions for litigation and other liabilities, which includes provisions recorded in connection with contingencies arisen as a result of the Company's activities.

The movements during 2019 and 2018 are as follows:

	Provision for obligations with employees	Litigation and other liabilities	Provision for taxes	Provision for long-term employee benefits	Total
At 1 January 2018	50	3	1,754	2,456	4,263
Charge for the year	600	2	500	-	1.102
Applications	-	-	-	(2,456)	(2,456)
At 31 December 2018	650	5	2,254	-	2,909
Charge for the year	15	-	2,933	-	2,948
Applications	(650)	-	(2,671)	-	(3,321)
At 31 December 2019	15	5	2,516	-	2,536

13. Current and non-current bank loans and borrowings and other marketable securities

The breakdown of these headings is as follows:

	Thousands of euros	
	Balance at 31/12/2019	Balance at 31/12/2018
Bank borrowings	-	61
Credit facilities	-	4,277
Other marketable securities	-	-
Total current	-	4,338
Total liabilities from loans and borrowings and other marketable securities	-	4,338

On 2 July 2018, the debt refinancing following the merger with the Zodiac Group took effect.

As a result of the debt refinancing, several loans held by the Fluidra and the Zodiac Groups have been cancelled to date, including the cancellation of the loan and revolving credit facility signed with a syndicate of financial entities on 25 February 2015 by Fluidra, S.A., and other, less significant, bilateral loans.

The holders of the Group's new financing are the subsidiaries Fluidra Finco, S.L., Zodiac Pool Solutions LLC and Zodiac Pool Solution PTY LTD. Fluidra, S.A. no longer leads the financing.

All these liabilities are classified in Debt and payables. There are no significant differences in the carrying amount and fair value of these liabilities.

During 2019, the facilities still in force at the previous year-end were cancelled. The cash-pooling facility with Deutsche Bank remains.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2019 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at 31 December 2019 or 31 December 2018.

Details of the terms and conditions of the Company's credit facilities still in force at 31 December 2018 are as follows:

Type	Bank	Date of signature	Maturity date (*)	Limit (thousands of Euros)	Currency	Balance drawn down (thousands of Euros)
Cash-p credit policy	Deutsche Bank	07/03/2016	04/03/2019	8,000	EUR	-
Multidiv. credit policy	Bankinter	26/09/2013	Yearly rev.	4,000	EUR	3,973
Cash-p credit policy	Deutsche Bank	23/12/2016	23/12/2019	350	CHF	304
						4,277

All credit facilities were renewed either annually or six-monthly, by mutual agreement between the parties.

a) Classification by maturity

At 31 December 2019 there are no non-current borrowings and other marketable securities. At 31 December 2018, there is a balance of Euros 4,338 thousand that matures in up to one year.

Foreign currency debt

As with bank borrowings and other marketable securities, no credit facility has been drawn down at 31 December 2019 (Euros 2,354 in USD and Euros 20 thousand in pound sterling at 31 December 2018).

14. Derivative financial instruments

There are no derivative financial instruments at 31 December 2019.

At 31 December 2018 there was an exchange rate derivative for a notional amount of Euros 8,105 thousand with a current asset of Euros 220 thousand.

Foreign currency contracts

To manage exchange rate risk in future firm sales and purchases, the Fluidra Group via the Company had arranged option contracts and currency forwards in the main markets in which it operates. However, in spite of hedging foreign currency transactions, the Company does not apply hedge accounting to these derivatives. These contracts have been transferred to other Group companies.

Details by currency of the notional values in thousands of Euros of the forward contracts for sale or purchase at 31 December 2018, the residual term of which is less than one year, are as follows:

	2018
GBP / USD	3,057
EUR / USD	873
GBP / EUR	4,175
	8,105

15. Debt with Group companies and associates

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Group companies	6,057	1,408
Payables to Group companies under the consolidated income tax regime	5,846	2,452
Cash-pooling debt (Fluidra Finco, S.L.U)	114,941	86,849
Payables to Group companies for cash-pooling	6,054	6,358
	132,898	97,067

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities.

Balances payable under this heading from different Group companies subject to the consolidated tax regime are recorded under Payables to Group companies under the consolidated tax regime (see note 23).

In addition, the Company was the parent on all centralised cash-pooling credit policies for the Group, reflecting the total bank debt under the caption Bank borrowings and other marketable securities. Balances payable under this heading with Group companies that are part of the centralised cash-pooling accounts are recorded in Payables to Group companies for cash pooling. After setting up the subsidiary Fluidra Finco, S.L., this centralised function has been fully transferred, maintaining only the cash-pooling centralized in Fluidra S.A. with Deutsche Bank.

At 31 December 2019, distinction should be made between the net position of Fluidra, S.A. on cash-pooling credit policies centralised by the subsidiary Fluidra Finco, S.L., and the net position of the rest of the Group companies on the cash-pooling credit policies still centralised in Fluidra, S.A.

Details by company of the credits between Group companies as a result of the tax effect generated by the consolidated tax regime for corporate income tax are as follows:

	Thousands of euros	
Creditors	2019	2018
Fluidra Finco, S.L.	3,376	269
Fluidra Commercial, S.A.U.	811	365
Fluidra Industry España, S.A.U.	602	687
Fluidra Engineering Services, S.L.	536	547
Fluidra JV Youli, S.L.U.	203	89
Talleres del Agua, S.L.U.	158	153
Innodrip, S.L.U.	134	155
Fluidra Services España, S.L.U.	26	51
Fluidra Global Distribution, S.L.U.	-	111
Puralia Systems, S.L.U.	-	25
	5,846	2,452

Details by company of accounts receivable with Group companies on account of cash-pooling centralised by Fluidra, S.A. are as follows:

	Thousands of euros	
Creditors	2019	2018
Fluidra Österreich GmbH “SSA”	3,500	4,000
Fluidra Deutschland, GmbH	2,511	2,316
Fluidra Commercial, S.A.U	42	42
Fluidra Switzerland, S.A.	1	-
	6,054	6,358

16. Trade and other payables

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Creditors	7,366	6,445
Public administrations	1,005	629
Employee benefits payable	2,698	5,666
Other debt	5,765	50
	16,834	12,790

At 31 December 2019, within Salaries payable, no amount is included in relation to the non-current variable remuneration plan aimed at executive directors and the management team of Fluidra. At 31 December 2018, Euros 3,856 thousand were included.

17. Risk management policy

The Company's activities are exposed to various financial risks: market risk (currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company focuses its risk management on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

Market, liquidity, foreign exchange and interest rate risk management is monitored by the Group's Central Cash Department in accordance with the policies defined by the Group. This department identifies, evaluates, and covers financial risks in close collaboration with the Group's operating units.

Credit risk is managed centrally by the Company in accordance with the parameters set out in Group policies.

a) Credit Risk

Credit risk exists when a potential loss may arise from Fluidra, S.A.'s counterparties not meeting their contractual obligations, that is, due to not collecting the financial assets according to the established amounts and time frame.

The accompanying table shows the aging analysis of past due not impaired Trade and other receivables at 31 December 2019 and 2018:

	Thousands of euros	
	2019	2018
Not due	2,438	763
Past due	3,391	6,755
0 - 90 days	1,628	4,531
90 - 120 days	199	289
More than 120 days	1,564	1,935

b) Liquidity Risk

Liquidity risk is the possibility that Fluidra, S.A. will not have sufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times.

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions. Due to the dynamic nature of the underlying businesses, the Group's Treasury Department aims to maintain sufficient headroom on its undrawn committed borrowing facilities.

Details of financial liabilities by contractual maturity date are provided in note 13 a).

During the next few months, based on its cash flow forecasts, the Company does not expect any difficulties in terms of liquidity.

c) Foreign currency risk

The Company is not significantly exposed to foreign currency risk.

Currency risk is associated with recognised assets and liabilities. Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 7 and 13.

Although the Company arranges forward contracts for the economic hedging of foreign currency risks, they are not recognised applying hedge accounting.

The Company manage the foreign currency risk of future commercial transactions, recognised assets and liabilities by forward currency contracts entered into by the Group's Treasury Department. Foreign exchange risk arises when future commercial transactions or firm commitments, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the Company's functional currency. The Company holds several indirect investments in foreign businesses, the net assets of which are exposed to foreign exchange risk. The Group manages the foreign currency risk relating to the net assets of its foreign operations in Australia and the United States mainly by holding borrowings denominated in the related foreign currency.

d) Cash flow interest rate risk

The income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

There are no significant cash flow interest rate risks.

The Company manages cash flow interest rates in coordination with the Group.

e) Market risk

The Company is not exposed to significant market risk.

18. Income and expenses

a) Revenue

Revenue in 2019 and 2018 relates to consultancy services rendered to Group companies and dividends.

b) Personnel expenses

Details of personnel expenses in 2019 and 2018 are as follows:

	Thousands of euros	
	Balances at 31/12/2019	Balances at 31/12/2018
Salaries, wages and indemnities	15,983	13,631
Social Security payable by the company	2,968	2,550
Payments to personnel in equity instruments	6,805	5,474
Other employee benefit expenses	259	1,203
	26,015	22,858

19. Employee information

The average headcount in 2019 and 2018 of the Company's personnel and directors, distributed by category, is as follows:

	31/12/2019	31/12/2018
Directors (*)	12	12
Management	2	2
Sales, logistics and production staff	41	33
Administration and purchasing staff	171	156
	226	203

(*) The Directors category includes two senior managers in 2019 and 2018.

At year end the distribution by gender of personnel and the directors is as follows:

	31/12/2019		31/12/2018	
	Male	Female	Male	Female
Directors (*)	11	1	12	-
Management	2	0	2	-
Sales, logistics and production staff	31	12	26	9
Administration and purchasing staff	101	73	92	66
	145	86	132	75

(*) The Directors category includes two senior managers in 2019 and 2018.

The average number of employees with a disability equal to or greater than 33% during 2019 amounts to 2 employees, within the Sales, logistics and production and Administration and purchasing staff categories. In 2019 there were no employees with a disability equal to or greater than 33%.

20. Transactions with Group companies and associates

Details of the most important transactions with Group companies and associates are as follows:

	Thousands of euros	
	31/12/2019	31/12/2018
Income		
Dividends	280,000	1,491
Services rendered	18,306	14,545
Interest income	-	-
Total income	298,306	16,036
Expenses for services received	5,722	3,293
Total costs	5,722	3,293

Details of the dividends recorded in 2019 and 2018 are as follows:

	Thousands of euros	
	31/12/2019	31/12/2018
Fluidra Finco, S.A.	280,000	-
Fluidra Services France, S.A.S.	-	1,491
	280,000	1,491

As a result of the transfer of interests in Group companies and associates to the subsidiary Fluidra Finco, S.L., the Company only receives dividends from this company (see note 7).

The income caption Services rendered includes necessary recurrent services rendered by Fluidra, SA. to the Group companies in the area of management and administration. The main services included fall under the following areas: Chairperson, Board of Directors and CEO, General Director of Operations, Internal Auditing, Finance, Investor Relations, Legal Services, Tax, Investments and Acquisitions, Human Resources, Supply Chain, IT Systems, Communication and Marketing, Lean Management, Procurement, E-Business, Planning and Analysis, General Division Management, General Services (telephony, travel and insurance) and Technical Office and Sales Support.

21. Information on the Directors

a) Remuneration and balances with the Company's Directors and senior management

No advances or loans have been given to key senior management personnel or Directors.

The remuneration earned by key management personnel and Directors of the Company is as follows:

	Thousands of euros	
	31/12/2019	31/12/2018
Total key management personnel	1,949	2,905
Total Directors of the Company (*)	6,355	2,380

(*) At 31 December 2019, of the Total Company Directors, a portion of the remuneration (Euros 6,355 thousand) is paid by the Parent company and Euros 232 thousand by one of the Group subsidiaries (Euros 1,960 thousand paid by the Parent company and Euros 270 thousand by one of the Group subsidiaries in 2018).

The members of the Company’s Board of Directors have received Euros 1,216 thousand in the twelve-month period ended 31 December 2019 (Euros 1,009 thousand in the same period in 2018) from the consolidated companies in which they act as board members. Furthermore, for their executive duties, they have received at total of Euros 6,586 thousand in the twelve-month period ended 31 December 2019 (Euros 1,283 thousand in the same period in 2018), of which Euros 6,355 thousand have been paid by the Parent company and Euros 232 thousand by Group subsidiaries (Euros 1,013 thousand and Euros 270 thousand, respectively, in 2018). The executive function includes remuneration in kind corresponding to the share plan, a vehicle and life insurance. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses (Euros 89 thousand in 2018).

In January 2019, the 2015-2018 plan consolidated on 31 December 2018 was settled. Mr Eloy Planes is a beneficiary of this plan.

During the twelve-month period ended 31 December 2019 the Company has taken out life insurance policies and has recognised an expense of Euros 29 thousand (Euros 25 thousand in 2018) to cover survival, death and temporary and permanent incapacity contingencies.

In addition, during the year ended 31 December 2019, the Company made contributions to benefit plans amounting to Euros 41 thousand (Euros 71 thousand in 2018).

During 2019, civil liability insurance premiums for all the Group's directors to cover damages arising in the performance of duties during the year have been paid amounting to Euros 65 thousand (Euros 75 thousand in 2018).

In addition to the above-mentioned, the Group has no pension plan or life insurance policies for former or current members of the Board of Directors or key management personnel, nor has it given any guarantees on their behalf.

The Group's key management includes the executives that answer directly to the Board of Directors or senior management, as well as the internal auditor.

At the general meeting held on 5 May 2015 the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan was implemented through the granting of a certain number of performance share units (PSUs), which were settled in Company shares once a certain period of time had elapsed 25% of these PSUs could be directly converted into shares once certain length-of-services requirements are met. The remaining 75% would be converted subject to the following financial objectives: 50% are subject to the evolution of the quotation of Fluidra shares, and 50% to the evolution of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary for which the beneficiary is responsible.

The maximum number of PSUs to be granted under the new plan would amount to 1,672,615 without prejudice to the inclusion of new executives to this plan with a maximum limit of 2,161,920 shares.

At 31 December 2017, this number of shares was insufficient to cover the total shares resulting from applying the degree of attainment from the metrics (3,076,819 shares).

Therefore, based on the proposal of the Appointments and Remunerations Committee, the Board of Directors decided to make cash payments for each share exceeding the maximum number of shares authorised by the General Shareholders' Meeting, at a value of Euros 8 per share. The beneficiaries of this cash compensation were members of management who were on the Group's payroll at the date of settlement of the plan, with the exception of the executive chairman, who would receive a distribution proportional to the shares authorised by the General Shareholders' Meeting. The total number of shares expected to be settled via equity instruments or in cash is 2,951,489 shares.

At 31 December 2018 the best estimate of the fair value of the plan's total amount came to approximately Euros 10,755 thousand, to be settled as Euros 3,579 in equity instruments and Euros 7,176 thousand in cash. At 31 December 2018 an equity increase was recorded for the amount of Euros 1,266 thousand, which corresponds to the portion to be settled via equity instruments. The portion of the plan to be settled in cash was recorded in Salaries payable under the heading Trade and other payables for Euros 1,400 thousand.

The plan started on 1 January 2015 and ended on 31 December 2018, although effective settlement occurred in January 2019.

Certain members of Zodiac Group management held payment agreements based on shares in the company Piscine Luxembourg Holdings 1 S.à r.l. (LuxCo) signed between both parties during the first half of 2017 (the Original Plan), The merger agreements between Fluidra and LuxCo stipulated the replacement of this Original Plan with an alternative plan (the Replacement Plan) in the terms signed between Rhône Capital L.L.C. and beneficiary management staff, in order for the plan to be aligned with, and not to preclude, the objectives and schedule of the 2018-2022 Incentive Plan to be implemented by Fluidra.

The Replacement Plant grants management staff three different instruments:

- • Shares in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who are currently shareholders of LuxCo and subject to the Original Plan ("Common Equity roll-over").

- Share units in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who hold the MIV in an equivalent number of shares to the value of the MIV under the Original Plan ("MIV Interest roll-over").

- Restricted additional share units in LuxCo, convertible to shares in Fluidra, S.A. or cash at the liquidation date ("Restricted shares").

Generally speaking, the stated instruments are subject to conditions of permanency as employees of the Company, complying with Rhône Capital L.L.C.'s financial objectives, share lock-up periods and repurchase options in the event the member of management staff leaves the company. The periods of consolidation of rights and/or lock-in periods, whichever the case, depend on the total or partial departure of Rhône Capital L.L.C. from Fluidra, S.A. in line with the different tranches contained in the three aforementioned instruments of the plan. In all cases the commitments are payable entirely in Fluidra, S.A. shares or cash.

The change of plan in these circumstances should be analysed in order to determine to what extent the impact should be counted as services performed before the transaction, after it, or a combination of both. The services counted prior to the transaction were included in the price paid, whilst services counted after the transaction date are taken to the income statement as long-term salaries throughout the remaining period until the right accrues. In this case, although it impacts on the income statement by way of services rendered by management staff who are beneficiaries of the plan, Fluidra, S.A. is not required to settle the Replacement Plan since Rhône Capital L.L.C. is obliged to pay for the plan. Consequently, the percentage that does not belong to Rhône Capital L.L.C. is reflected in the grants heading, net of the tax effect.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand (Euros 10,958 thousand at 31 December 2018). At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 2,007 thousand (Euros 517 thousand at 31 December 2018).

Furthermore, on 27 June 2018 the General Meeting of Shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group. This plan includes the delivery of Fluidra, S.A., shares, taking place following the merger.

The 2018-2022 plan entails the concession of a certain number of PSUs (point of sale units) which will be taken as a reference to determine the final number of shares to be delivered to the beneficiaries after a certain period of time, provided that certain strategic objectives of the Fluidra Group are met and the requirements set forth in the Regulations are fulfilled.

The specific number of shares in Fluidra, S.A. in terms of the PSUs on concession and attached to the compliance of the financial targets, will be established based on the following metrics:

a) The evolution of Fluidra, S.A.'s Total Shareholder Return (TSR) in absolute terms.
b) The evolution of the Fluidra Group's EBITDA.

For the purposes of measuring the evolution of the TSR, the initial value taken shall be the price per share in Fluidra, S.A. that was used to calculate the exchange equation resulting from the merger between the Fluidra and Zodiac Groups, i.e. Euros 8. The target EBITDA is the amount resulting from the approved Fluidra, S.A. strategic plan.

The 2018-2022 plan covers the years from 1 January 2018 to 31 December 2021 and there is, therefore, an additional period of one year up to 31 December 2022 during which the beneficiaries will remain on the plan.

The maximum number of shares to be distributed under the 2018-2022 plan is 5,737,979 shares.

At 31 December 2019 the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand (Euros 31,444 thousand at 31 December 2018), which will be settled in full in equity instruments. At 31 December 2019, an equity increase was recorded in this respect for the amount of Euros 7,300 thousand (Euros 2,092 thousand at 31 December 2018).

b) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

During 2019 and 2018 the Directors have not carried out any transactions with the Company or with Group companies other than those conducted on an arm's length basis in the normal course of business.

Conflicts of interest concerning the Directors of the Company

Neither the Company's directors nor any persons related to them were party to any conflicts of interest requiring disclosure in these notes pursuant to the provisions of article 229 of the consolidated text of the Corporate Enterprises Act.

22. Other commitments and contingencies

At 31 December 2019 and 2018 the Company has not presented any mortgage guarantees.

At 31 December 2019, the Company has guarantees from financial institutions and other companies amounting to Euros 994 thousand (Euros 338 thousand in 2018), of which none are technical guarantees.

23. Taxation

During 2019 and 2018, the Company continues to be taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities. The companies that make up this tax group are: Fluidra Export, S.A., Cepex, S.A.U., Fluidra Commercial, S.A.U., Fluidra Comercial España, S.A.U., Fluidra Industry, S.A.U., Fluidra J.V. Youli, S.L., Fluidra Services España, S.L.U., Industrias Mecánicas Lago, S.A.U., Fluidra Industry España, S.L.U., I.D.Electroquímica, S.L., Inquide, S.A.U., Metalast, S.A.U., Poltank, S.A.U., Fluidra Global Distribution, S.L.U., Sacopa, S.A.U., Talleres del Agua, S.L.U., Togama, S.A.U., Trace Logistics, S.A.U., Unistral Recambios, S.A.U., Fluidra Engineering Services, S.L., Innodrip, S.L.U, and Fluidra Finco, S.L. Profit calculated in accordance with tax legislation are subject to 25% tax on the tax base of companies located in Spanish territory outside the Basque provinces.

For the purposes of the special regime set out in Chapter VII, Title VII of the Spanish Corporate Income Tax Law, the parties involved in the merger understand that such regime is not applicable to income arising as a result of the merger between Fluidra, S.A. and Piscine Luxembourg Holdings 2 S.à.r.l. (see note 11), to the extent that this income is not subject to taxation in Spain (as the absorbed company is not a tax resident in Spanish territory and the assets transferred directly or indirectly are not located in Spanish territory). It is important to expressly note however that the parties have agreed to renounce application of the special tax regime mentioned above. The tax authorities have been informed in accordance with manner and schedules set out in the regulations.

In accordance with the reporting obligations established in article 86 of Corporate Income Act 27/2014 of 27 November, the required information is: list of tax benefits applicable to the transferring entity, regarding which the company should meet certain requirements under section 1 of article 84 of the Act. The transferring entity has not passed on any tax benefits to the absorbing entity.

A reconciliation of net income and expenses for the year with taxable income at 31 December 2019 and 2018 is as follows:

	Thousands of euros						
	2019						
	Income statement			Income and expense recognised in equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expense for the period	-	-	245,947	-	(12)	(12)	245,935
Corporate income tax	-	-	(10,185)	-	(4)	(4)	(10,189)
Profit/(loss) before tax			235,762			(16)	235,746
Permanent differences - ind. company	499	(281,298)	(280,799)	-	-	-	(280,799)
Permanent differences - consolidated tax group	-	-	-	-	-	-	-
Temporary differences - ind. company	17,086	(6,421)	10,665	-	-	-	10,665
Temporary differences - consolidated tax group	-	-	-	-	-	-	-
Offset of tax loss carryforwards			-			-	-
Taxable income			(34,372)				(34,388)

	Thousands of euros						
	2018						
	Income statement			Income and expense recognised in equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expense for the period	-	(33,878)	(33,878)	902	-	902	(32,976)
Corporate income tax	-	(11,045)	(11,045)	300	-	300	(10,745)
Profit/(loss) before tax			(44,923)			1,202	(43,721)
Permanent differences - ind. company	2,248	(1,491)	757	-	-	-	757
Permanent differences - consolidated tax group	-	-	-	-	-	-	-
Temporary differences - ind. company	4,598	(424)	4,174	-	(1,202)	(1,202)	2,972
Temporary differences - consolidated tax group	-	-	-	-	-	-	-
Offset of tax loss carryforwards			(783)			-	(783)
Taxable income			(40,775)				(40,775)

The individual company's permanent differences relate mainly to the elimination of dividends and other non-deductible expenses.

The temporary differences of the individual company correspond to non-tax-deductible provisions and the reversal of restrictions on the deductibility of depreciation and amortisation in 2013 and 2014.

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of euros					
	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Deferred gains	-	-	1,137	1,137	(1,137)	(1,137)
Tax credit for unused tax loss carryforwards and deductions	288	501	-	-	288	501
Limit on deductibility of amortisation/depreciation	6	13	-	-	6	13
Provision for obligations with employees	1,855	2,110	-	-	1,855	2,110
Other items	2,818	52	7	11	2,811	41
	4,967	2,676	1,144	1,148	3,823	1,528

The breakdown of changes by type of deferred tax assets and liabilities is as follows:

	Thousands of euros				
	31/12/2018	Profit and loss	Equity	Other	31/12/2019
Deferred gains	(1,137)	-	-	-	(1,137)
Tax credit for unused tax loss carryforwards and deductions	501	(213)	-	-	288
Limit on deductibility of amortisation/depreciation	13	(7)	-	-	6
Provision for obligations with employees	2,110	(255)	-	-	1,855
Other items	41	2,770	-	-	2,811
Total	1,528	2,295	-	-	3,823

	Thousands of euros				
	31/12/2017	Profit and loss	Equity	Other	31/12/2018
Deferred gains	(1,137)	-	-	-	(1,137)
Inventories	-	-	-	-	-
Portfolio provision	-	-	-	-	-
Tax credit for unused tax loss carryforwards and deductions	689	(188)	-	-	501
Limit on deductibility of amortisation/depreciation	36	(23)	-	-	13
Limit on deductibility of finance costs	-	-	-	-	-
Provision for obligations with employees	1,047	1,063	-	-	2,110
Other items	308	4	(271)	-	41
Total	943	856	(271)	-	1,528

On 30 March 2006 the company made a capital increase through the non-monetary contribution of shares under the special tax regime set forth in Chapter VIII, Title VII of Royal Legislative Decree 4/2004, of 5 March, which enacts the Revised Text of the Spanish Corporate Income Tax Law.

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable for the same amount. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by the Company. After the sale of shares carried out by the shareholders on 31 October 2007 due to the Company's initial public offering, this non-current deferred tax (recorded in the deferred gains caption in the previous table) and the non-current account receivable were reduced to Euros 1,137 thousand At 31 December 2019 and 2018 neither non-current deferred tax nor the non-current account receivable have shown any variation.

In 2019 there have been no items charged and credited to equity accounts for the year corresponding to hedging instruments and grants (losses of Euros 271 thousand in 2018).

At 31 December 2019, deferred tax assets and liabilities are not expected to reverse in the next 12 months (Euros 1,455 thousand reversal forecast in deferred tax assets at 31 December 2018).

The breakdown of corporate income tax income is as follows:

	Thousands of euros	
	2019	2018
Current tax		
For the year	(8,821)	(11,182)
Tax deductions	114	492
Prior years' adjustments	73	(97)
Other	1,115	598
Deferred taxes		
Origination and reversal of temporary differences	(2,666)	(1,044)
Tax credit for unused tax loss carryforwards and deductions	-	188
Prior years' adjustments	-	-
Total income tax expense	(10,185)	(11,045)

The reconciliation of current income tax with current net income tax liabilities / (assets) is as follows:

	Thousands of euros	
	2019	2018
Current tax	(8,707)	(10,690)
Withholdings and payments made on account during the year	-	191
Additional liabilities of Group companies under the consolidated tax regime	2,628	4,504
Tax payable/(receivable) in 2017	-	(8,321)
Tax payable/(receivable) in 2018	420	-
Current income tax (assets)/liabilities (see note 9)	(5,659)	(14,316)

The relationship between income tax income and profit from continuing operations is as follows:

	Thousands of euros	
	2019	2018
Profit for the year before tax from continuing operations	235,762	(44,923)
Profit at 25%	58,941	(11,230)
Permanent differences	(70,200)	189
Tax deductions	(114)	(492)
Other	1,188	488
Income tax expense	(10,185)	(11,045)

Deferred tax assets related to taxable income available for offset and unused deductions recorded at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
Deductions	12	91
Tax loss carryforwards	276	410
	288	501

The amounts and periods of reversal for the capitalised deductions at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilisation
2015	12	No limit
	12	

The amounts and periods of reversal for the capitalised tax loss carryforwards at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilisation
2016	276	No limit
	276	

Deferred tax assets related to taxable income available for offset and unused deductions not recorded at 31 December 2019 and 2018 are as follows:

	Thousands of euros	
	2019	2018
Deductions	1,848	2,327
Tax loss carryforwards	0	2
	1,848	2,329

The amounts and periods of reversal for non-capitalised deductions at 31 December 2019 are as follows:

Years	Thousands of euros	Last year for utilisation
2010 - 2019	1,848	2025 – No limit
	1,848	

The years open to inspection are:

Tax	Open tax periods
Corporate income tax	2014 – 2019
Value added tax	2016 – 2019
Personal income tax	2016 – 2019
Tax on Economic Activities	2016 – 2019

Tax returns cannot be considered definitive until they have been inspected by the tax authorities or the inspection period of four years has elapsed. Due to different possible interpretations of current fiscal legislation, additional tax liabilities could arise in the event of an inspection. Nevertheless, the directors do not expect that these liabilities, should they materialise, would significantly affect these annual accounts.

In April 2018 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the income tax of the Parent of the tax group Fluidra, S.A. The years being inspected for the income tax are 2013-2016. This inspection covered checking the distribution among Group companies of costs relating to management support services and it was completed in 2019 without revealing significant additional contingent liabilities to those already recorded.

In April 2019 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The Company's Directors consider that no additional significant contingent liabilities will arise other than those already recorded, and the additional tax payable, if any, would not have a significant impact on the financial statements of the company.

The Company's Directors consider that in the event of additional tax inspections above and beyond those mentioned, the possibility that contingent liabilities arise is remote and the additional tax payable, if any, that may derive would not have a significant impact on the Company's annual accounts.

24. <u>Information on late payments to suppliers</u>

According to Law 31/2014 of 3 December establishing measures on combating late payment in commercial transactions, the information on late payments to suppliers in Spain is as follows:

	2019	2018
	Days	Days
Average payment period to suppliers	46.15	44.02
Ratio of transactions	45.97	43.28
Ratio of transactions payable	46.97	48.54
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	29,331	37,590
Total payments outstanding	6,158	6,157

25. Auditors' and related Group companies' fees

Ernst & Young, S.L. have invoiced the following net fees for professional services during the year ended 31 December 2019 and 2018:

	Thousands of euros	
	31/12/2019	31/12/2018
Audit services	173	201
Other assurance services	74	72
Other services	-	-
Total	247	273

The amount of “Other assurance services” for 2019 includes: the report on the system of internal control over financial reporting (SCIIF), the review report on the Proforma/Recurring EBITDA information presented within the information provided to the analysts and the review of the financial reports of certain R+D projects.

The amount of “Other assurance services” for 2018 includes: the report on financial ratios (Covenants), the report on the system of internal control over financial reporting (SCIIF) and the review report on the Proforma information presented within the information provided to the analysts.

The amounts detailed in the above table include the total fees for services rendered in 2019 and 2018, irrespective of the date of invoice.

No other company affiliated with EY, S.L. has invoiced fees for professional services to the Group during the year ended 31 December 2019 and 2018.

26. Environmental issues

Given the company's business activities, at 31 December 2019 and 2018 there are no significant assets for the protection or improvement of the environment and it has not incurred any major expenses of an environmental nature during either year.

The Company's Board of Directors considers that there are no significant contingencies in connection with the protection and improvement of the environment and that it is not necessary to recognise any provisions for environmental liabilities and charges at year end.

27. Subsequent events

On the 27th of February 2020, the Group has signed the corresponding act in conformity with the Spanish tax authorities, in relation to the partial verification and investigation proceedings that had started on the VAT obligations of Fluidra S.A. of year 2018. (See Note 23). The Spanish tax Authorities have not adjusted any amounts due to the investigation proceedings, proceeding to the return of the amounts due including the corresponding default interests.

The emergence of coronavirus (COVID-19) in China in December 2019 and its recent worldwide spread to a large number of countries caused the World Health Organization to label the outbreak a pandemic on March 11. Considering the absence of medical treatment for the virus, and the globalization, there is significant uncertainty on the overall evolution and extension of the pandemic in the coming months. However, it is encouraging to see the recovery of China and other countries that have implemented effective control measures against the virus. Nevertheless, at this point in time, it is still uncertain the impact to the macroeconomy and the response from governments and international monetary institutions.

As a result, at the date of issuance of these financial statements, it is difficult to make a detailed assessment or quantification of the potential impact that COVID-19 will have on the Group, because of the uncertainty of events in the short, medium and long term. However, the Group is confident about the robustness of its business model and its competitive advantage in the long term.

Nevertheless, the Group has made a preliminary assessment of the current situation based on the best available information and it is taking all necessary steps in order to face the situation and minimize the impact of this unforeseeable event. From the results of said assessment, the following points should be noted:

· Risk to employees' health: it is a priority to guarantee employees' health. Consequently, from the beginning of this health crisis, hygiene measures have been adopted and travel to risk areas has been restricted. After the WHO labelled the outbreak a pandemic, and some countries declared the state of emergency, "working from home" measures have been implemented where possible. Each country and work center has made individual decisions in order to protect employees' health.

· Liquidity risk: it is expected that the general situation of the markets may cause an overall increase in liquidity strains and a contraction in the credit market. In this regard, the Group has credit facilities, ABL and discount facilities, in conjunction with the specific plans to improve and manage liquidity will allow to address that scenario.

· Operational risk: this changing and unpredictable situation may result in a risk of temporary interruption of production/sales or an exceptional break in the supply chain. Therefore, the Group has set up several task forces and has adopted specific procedures for monitoring and managing its operations through this difficult times.

FLUIDRA, S.A.

Information on Group companies

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(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

	% of interest			Euros					
Name	Direct	Indirect		Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity 2019	Carrying amount of interest 2019
<u>Details of subsidiaries</u>									
FLUIDRA FINCO, S.L.	**100%**			**1,416,563,305**	**-2,770,853**	289,266,726	**-280,000,000**	**1,423,059,178**	**1,418,456,543**
FLUIDRA COMMERCIAL, S.A.U.		**100%**		70,537,545	28,869,876	11,054,061		110,461,482	
AO ASTRAL SNG		90%		194,936	36,041	275,988		506,965	
ASTRAL AQUADESIGN Limited Liability Company		58.50%	(4)	14,295	0			14,295	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%		71,395	2,010,072	1,171,609		3,253,076	
ASTRAL INDIA PRIVATE, LIMITED		100%		77,897	895,529	491,244		1,464,671	
FLUIDRA INDIA PRIVATE LIMITED		100%		1,408	187,696	167,493		356,597	
ASTRALPOOL CYPRUS, LTD		90%		201,000	1,370,304	272,067		1,843,371	
ASTRALPOOL HONGKONG, CO., LIMITED		100%		994	634,585	129,675		765,254	
FLUIDRA SWITZERLAND, S.A.		100%		922,085	-334,678	-16,191		571,217	
ASTRALPOOL UK LIMITED		100%		51,603	1,545,961	717,822		2,315,385	
CEPEX MEXICO, S.A. DE C.V.		100%		633,090	14,800	6,693		654,583	
CERTIKIN INTERNATIONAL, LIMITED		100%		1,500,003	5,911,249	2,278,313		9,689,565	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED		100%		100	0			100	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%		405,622	121,559	157,077		684,258	
FLUIDRA ADRIATIC D.O.O.		100%		9,987	607,272	600,902		1,218,161	
FLUIDRA BALKANS JSC		61.16%		216,353	-435,926	450,609		231,036	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA		100%		15,263,031	-7,826,602	-441,665		6,994,763	
VEICO . COM. BR INDÚSTRIA E COMÉRCIO LTDA		100%		794,821	-1,618,255	-31,681		-855,115	
FLUIDRA CHILE, S.A.		100%		2,746,065	-1,188,186	-479,231		1,078,648	
FLUIDRA COLOMBIA, S.A.S		100%		1,743,492	-643,239	62,740		1,162,993	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%	(2) (7)	1,202,072	18,256,303	9,559,298		29,017,673	
FLUIDRA DANMARK A/S		100%		63,652	161,622	9,146		234,421	
FLUIDRA DEUTSCHLAND GmbH		100%		4,017,808	110,120	551,866		4,679,793	
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%		32,611	487,341	1,346,135		1,866,087	
W.I.T. EGYPT, Egyptian Limited Liability Company		89.99%		116,225	1,049,291	5,640		1,171,156	

FLUIDRA, S.A.

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Name	% of interest Direct	% of interest Indirect		Euros Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity 2019	Carrying amount of interest 2019
FLUIDRA ENGINEERING SERVICES, S.L.U.		100%		60,000	1,542,875	-1,397,684		205,191	
FLUIDRA EXPORT, S.A.U.		100%		601,000	1,748,026	919,621		3,268,647	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100%		1,753,100	234,706	869,298		2,857,103	
FLUIDRA HELLAS		86.96%		3,768,050	-504,146	1,943,137		5,207,041	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100%		19,835,463	-1,675,827	-5,178,699		12,980,937	
ZODIAC POOL CARE SOUTH AFRICA (PROPIETARY) LIMITED		100%		0	-7,194,530	7,194,530		0	
FLUIDRA WATERLINX PTY, LTD		100%	(2)	24,629,026	-10,992,456	159,040		13,795,610	
FLUIDRA INDONESIA PT.		100%		1,870,547	531,701	1,090,722		3,492,970	
FLUIDRA JV YOULI, S.L.U.		100%		4,500,000	1,358,851	-112,134		5,746,717	
FLUIDRA KAZAKHSTAN Limited Liability Company		51%		47,260	243,838	456,074		747,172	
FLUIDRA MAGYARORSZÁG Kft.		95%		140,426	848,350	723,852		1,712,628	
FLUIDRA MALAYSIA SDN.BHD.		100%		364,620	546,815	-71,678		839,757	
FLUIDRA MAROC, S.A.R.L.		90%		311,143	3,014,531	866,292		4,191,966	
FLUIDRA MEXICO, S.A. DE C.V.		100%		3,358,504	-1,904,622	275,721		1,729,603	
FLUIDRA MIDDLE EAST FZE		100%		211,231	11,398,844	3,175,868		14,785,943	
FLUIDRA AL URDOUN FZ		70%		52,871	-32,517	-20,354		0	
LA TIENDA SWIMMING POOL MAINTENANCE		80%		69,268	5,640	-37,823		37,085	
FLUIDRA MONTENEGRO DOO		60%		10,000	206,623	23,153		239,776	
FLUIDRA ÖSTERREICH Gmbh "SSA"		98.5%		1,158,434	2,935,293	3,043,733		7,137,460	
FLUIDRA POLSKA, SP. Z.O.O.		100%		95,376	857,425	339,006		1,291,807	
FLUIDRA COMERCIAL PORTUGAL Unipessoal, LDA		100%	(8)	1,375,641	5,310,161	1,263,059		7,948,861	
FLUIDRA ROMANIA S.A.		66.66%		50,000	124,737	237,397		412,135	
FLUIDRA SERBICA, D.O.O. BEOGRAD		60%		10,000	335,582	63,195		408,777	
FLUIDRA SERVICES ITALIA, S.R.L.		100%		1,060,000	12,827,083	1,996,800		15,883,884	
FLUIDRA COMMERCIALE ITALIA, S.P.A.		100%	(9)	620,000	14,448,250	1,423,007		16,491,257	
AGRISILOS, S.R.L.		90%	(3)100%	10,000	746,347	668,690		1,425,037	
LAGHETTO FRANCE, S.A.R.L.		90%	(3)100%	1,000	-839,967	0		-838,967	

Information on Group companies

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	% of interest			Euros					
Name	Direct	Indirect		Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity 2019	Carrying amount of interest 2019
FLUIDRA SINGAPORE, PTE LTD		100%		238,473	1,809,391	-139,797		1,908,066	
FLUIDRA SOUTH AFRICA (PTY) LTD		100%		2,538,673	-2,041,542	-1,689		495,442	
FLUIDRA NORDIC AB		100%		5,768	488,203	460,174		954,145	
FLUIDRA (THAILAND) CO, LTD		100%		487,769	432,928	10,058		930,755	
ASTRALPOOL (THAILAND) CO., LTD		99%		92,912	1,174,588	467,861		1,735,361	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS		51%		168,796	1,907,173	717,690		2,793,659	
TURCAT POLYESTER SANAYI VE TICARET A.S.		25.5%		79,200	-96,740	-4,624		-22,164	
FLUIDRA VIETNAM LTD		100%		119,209	43,585	606,767		769,560	
RIIOT LABS NV/SA		90%	(3)	306,400	-881,108	-251,947		-826,655	
SIBO FLUIDRA NETHERLANDS B.V.		70%	(3)	323,528	6,355,687	3,281,114		9,960,329	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd		100%		85,183	758,667	283,385		1,127,235	
ZODIAC POOL DEUTSCHLAND GMBH		100%		3,962,512	5,935,635	745,667		10,643,814	
SET ENERCIETECHNICK GMBH		100%		25,000	-5,250,674	-239,641		-5,465,315	
FLUIDRA HOLDINGS AUSTRALIA PTY LTD		100%	(10)	27,930,259	-78,108,187	-1,615,504		-51,793,433	
FLUIDRA GROUP AUSTRALIA PTY LTD		100%	(11)	4,152,936	2,551,606	1,000,503		7,705,045	
FLUIDRA (N.Z.) LIMITED		100%	(12)	59	191,590	180,302		371,950	
FLUIDRA AUSTRALIA PTY LTD		100%	(2)	1,432,037	20,070,213	-3,647,127		17,855,124	
PRICE CHEMICALS PTY LTD		100%		336,650	-660,281	-1,138,677		-1,462,308	
FLUIDRA TUNISIE, SARL		100%		67,016	6,563	1,812		75,391	
FLUIDRA BH D.O.O BIJELJINA		60%	(4)	10,009	0	-7,362		2,647	
UNISTRAL RECAMBIOS, S.A.U.		100%	(1)	60,110	701,139	1,443,817		2,205,066	
FLUIDRA INDUSTRY ESPAÑA, S.A.U.		100%		1,000,000	24,915,651	21,254,487		47,170,138	
CEPEX S.A.U.		100%		60,200	17,035,719	6,008,674		23,104,593	
METALAST, S.A.U.		100%		601,056	10,666,141	6,423,832		17,691,029	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD		100%		1,114,323	1,950,992	270,025		3,335,340	
POLTANK, S.A.U.		100%		601,010	9,539,275	3,976,077		14,116,362	
TURCAT POLYESTER SANAYI VE TICARET A.S.		50%		79,200	-96,740	-4,624		-22,164	

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Name	% of interest Direct	% of interest Indirect	Euros: Capital and share premium	Euros: Reserves	Euros: Profit/(loss) for the year	Euros: Interim dividend	Euros: Total shareholders' equity 2019	Euros: Carrying amount of interest 2019
SACOPA, S.A.U.		100%	601,000	8,944,576	11,315,543		20,861,119	
I.D. ELECTROQUÍMICA, S.L.		21.18%	5,022	1,004	4,918,575	-3,130,116	1,794,486	
				0				
FLUIDRA INDUSTRY S.A.U.		**100%**	**60,242,000**	**46,953,512**	**412,354,413**	**-300,000,000**	**219,549,925**	
I.D. ELECTROQUÍMICA, S.L.		78.82%	5,022	1,004	4,918,575	-3,130,116	1,794,486	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	60,110	1,043,118	1,489,685		2,592,913	
INQUIDE, S.A.U.		100%	10,293,709	593,726	1,118,159		12,005,594	
LOITECH (NINGBO) HEATING EQUIPMENT CO., Ltd		100%	1,396,111	8,268	-1,057,268		347,111	
NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD		70%	905,369	2,955,306	2,489,689		6,350,364	
PRODUCTES ELASTOMERS, S.A.		70%	60,200	584,694	69,716		714,610	
TALLERES DEL AGUA, S.L.U.		100%	2,203,753	751	-348,768		1,855,736	
TOGAMA, S.A.U.		100%	3,275,734	87,432	470,467		3,833,634	
U.S. POOL HOLDINGS, INC		100%	329,201	17,225,659	-3,134,218		14,420,642	
AQUA PRODUCTS INC		100%	50,428,267	-35,008,808	-11,714,248		3,705,211	
FLUIDRA USA, INC		100%	4,955,885	-3,604,186	809,178		2,160,878	
FLUIDRA PROJECTS USA INC		100%	4,026,534	-4,330,771	31,988		-272,249	
				0				
MANUFACTURAS GRE, S.A.U.		**100%**	**445,343**	**12,262,565**	**4,412,803**		**17,120,711**	
ME 2000, S.R.L.		100%	678,520	-647,080	-108,756		-77,316	
				0				
TRACE LOGISTICS, S.A.U.		**100%**	**4,509,000**	**1,105,468**	**527,664**		**6,142,132**	
				0				
FLUIDRA SERVICES ESPAÑA, S.L.U.		**100%**	**3,100**	**227,643**	**-83,553**		**147,190**	
				0				
INNODRIP, S.L.U		**100%**	**760,000**	**499,657**	**-569,595**		**690,062**	
				0				

Information on Group companies

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Name	% of interest Direct	% of interest Indirect		Capital and share premium (Euros)	Reserves (Euros)	Profit/(loss) for the year (Euros)	Interim dividend (Euros)	Total shareholders' equity 2019 (Euros)	Carrying amount of interest 2019 (Euros)
PISCINE LUXEMBOURG HOLDINGS 3, S.A.R.L.	**100%**		(13)	**545,974,000**	**545,503,907**	**-103,140**		**1,091,374,767**	
ZPNA HOLDINGS SAS		100%		323,489,136	-42,240	-62,170		323,384,726	
ZODIAC POOL SOLUTIONS LLC		100%		483,217,657	-778,226,956	-30,910,134		-325,919,433	
ZODIAC POOL SYSTEMS CANADA INC		100%		2,842,994	-593,605	1,950,925		4,200,314	
ZODIAC POOL SYSTEMS LLC		100%		1	83,183,358	47,668,454		130,851,813	
COVER POOLS INCORPORATED		100%		21,043,405	15,298,609	6,607,690		42,949,704	
FLUIDRA LATAM EXPORT LLC		100%	(4)	178,659	-1,071	125,938		303,526	
ZPES HOLDINGS SAS		84.85%		313,215,844	167,621,521	4,039,651		484,877,017	
ZODIAC POOL SOLUTIONS SAS		84.85%		604,523,102	-408,223,706	7,902,103		204,201,499	
ZODIAC POOL CARE EUROPE SAS		84.85%		6,884,263	22,412,284	23,229,581		52,526,128	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD		84.85%		255,118	276,277	-112,019		419,376	
ZODIAC INTERNATIONAL SAS		84.85%		18,341,776	4,665,998	2,668,244		25,676,018	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		84.85%		6,001,995	2,117,944	3,528,274		11,648,212	
FLUIDRA ASSISTANCE SAS		84.85%		50,000	-48,556	43,455		44,898	
FLUIDRA BELGIQUE, S.R.L.		84.85%		18,600	657,991	523,918		1,200,509	
POOLWEB, SAS		84.85%		37,000	143,892	173,693		354,586	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		84.85%		2,050,000	3,660,563	922,336		6,632,899	
PISCINES TECHNIQUES 2000, S.A.S.		84.85%		1,062,169	254,197	226,506		1,542,873	
FLUIDRA SERVICES FRANCE, S.A.S.	**100%**			**21,920,200**	**7,963,298**	221,784		**30,105,282**	
ZPES HOLDINGS SAS		15.15%		313,215,844	167,621,521	4,039,651		484,877,017	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		15.15%		6,001,995	2,117,944	3,528,274		11,648,212	
FLUIDRA ASSISTANCE SAS		15.15%		50,000	-48,556	43,455		44,898	
FLUIDRA BELGIQUE, S.R.L.		15.15%		18,600	657,991	523,918		1,200,509	
POOLWEB, SAS		15.15%		37,000	143,892	173,693		354,586	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		15.15%		2,050,000	3,660,563	922,336		6,632,899	

FLUIDRA, S.A.

Information on Group companies

31 December 2018

Name	% of interest Direct	% of interest Indirect	Capital and share premium (Euros)	Reserves (Euros)	Profit/(loss) for the year (Euros)	Interim dividend (Euros)	Total shareholders' equity 2019 (Euros)	Carrying amount of interest 2019 (Euros)
PISCINES TECHNIQUES 2000, S.A.S.		15.15%	1,062,169	254,197	226,506		1,542,873	
ZODIAC POOL SOLUTIONS SAS		15.15%	604,523,102	-408,223,706	7,902,103		204,201,499	
ZODIAC POOL CARE EUROPE SAS		15.15%	6,884,263	22,412,284	23,229,581		52,526,128	
ZODIAC SWIMMING POOL EQUIPMENT(SHENZEN) CO LTD		15.15%	255,118	276,277	-112,019		419,376	
ZODIAC INTERNATIONAL SAS		15.15%	18,341,776	4,665,998	2,668,244		25,676,018	
OCM PRODUCTS LIMITED		50% (1)						
ASTRAL NIGERIA, LTD.		25% (1)						
DISCOVERPOOLS COM, INC.		11% (1)						

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the share capital of Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investsments Pty Ltd, Hurlcon Research Pty Ltd, and Hendy Manufacturing Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent fully owns the share capital of Ideal Pool Innovations, S.L.U. and holds an ownership interest of 67.5% in the company Tecnical Pool Service, S.L. Fluidra Waterlinx Pty Ltd is a group of companies in which the parent fully owns the share capital of Waterlinx Industrial And Irrigation Pty Ltd.

(3) Companies that have been fully integrated into the consolidated financial statements and the book value of non-controlling interest has no longer been recognised.

(4) Newly-incorporated companies during the twelve-month period ended 31 December 2019.

(5) In the twelve-month period ended 31 December 2019, Aquatron Robotic Technology LTD and Puralia Systems, S.L.U. were sold.

(6) In the twelve-month period ended 31 December 2019, Astral Pool México, S.A. de C.V. and Fluidra Youli Fluid Systems (Wenzhou) Co. Ltd. were wound up.

(7) / Merged with Zodiac Pool Ibérica, S.L.

(8) Merged with Zodiac Pool Care Portugal Unipessoal, LDA

(9) Merged with Zodiac Pool Systems Italia, S.R.L.

(10) Previously Zodiac Pool Solutions PTY LTD

(11) Previously Zodiac Group Australia PTY LTD

(12) Previously Zodiac Group (N.Z.) Limited

(13) Merged with Zodiac Pool Solutions, S.A.R.L.

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

31 December 2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

Subsidiaries

- Agrisilos, S.R.L., domiciled in Vescovato (Italy), is mainly engaged in the production, processing, assembly and marketing of plastic products and other materials for use in agricultural and industrial settings, swimming pools, swimming pool equipment and supplies, water treatment products, robotic cleaning devices and membranes for projects in the gas industry and, in general, products and accessories, spare parts, expandable structures and products relating to the wellness market, including maintenance, repair, management and other services relating to the abovementioned activities.

- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.

- Aqua Products Inc. domiciled in New Jersey (USA), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.

- Astral Aquadesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.

- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Praha-Vychod (Czech Republic), is mainly engaged in the marketing of pool accessories.

- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.

- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.

- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (HongKong), is mainly engaged in the marketing of pool-related accessories.

- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.

- Astralpool UK Limited., domiciled in Hants (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.

- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.

- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.

- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

31 December 2019

- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.

- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.

- Fluidra Assistance, S.A.S., domiciled in Perpignan (France), is mainly engaged in the installation, assembly and implementation of all products and materials relating to pools and water treatment and the provision of post-sales services and the maintenance and installation of these products and materials.

- Fluidra Australia PTY LTD, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. This company is the parent of the Australia Group and fully owns Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, (dormant), in addition to Astral Pool Australia Pty Ltd.

- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.

- Fluidra Belgique, S.R.L., domiciled in Carcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in the wholesale selling of swimming pool products.

- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Itajaí (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.

- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.

- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.

- Fluidra Comercial España, S.A.U., (merged with Zodiac Pool Iberica, S.L.) domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification. This company is the parent of the F.C.España group, and holds a 67.5% interest in the company Tecnical Pool Service, S.L.

- Fluidra Comercial Portugal Unipessoal, Lda. (merged with Zodiac Pool Care Portugal Unipessoal, LDA) domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commerciale Italia, S.P.A. (merged with Zodiac Pool Systems Italia SRL), domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Commercial, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Danmark A/S, domiciled in Roedekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.

- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.

- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.

- Fluidra Finco, S.L.U., domiciled in Sabadell (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of products for swimming-pools, irrigation and water treatment and purification, as well as the marketing of such products both in the domestic market and abroad, and the representation of brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.. The company is also engaged in investing in all types of business and enterprises, and advising, managing and administering the companies in which it holds an ownership interest

- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution to group companies.

- Fluidra Group Australia Pty Ltd (previously Zodiac Group Australia PTY, LTD), domiciled in Smithfield (Australia), is mainly engaged in the manufacture, distribution and sale of pool materials by several Group brands.

- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.

Details of the corporate name and purpose
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- Fluidra Holdings Australia Pty Ltd (previously Zodiac Pool Solutions LTY, LTD), domiciled in Smithfield (Australia) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Holdings South Africa Pty Ltd, domiciled in Johannesburg (South Africa) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra India Private Limited, domiciled in Chennai (India), is mainly engaged in the marketing of pool material.

- Fluidra Indonesia PT, domiciled in Jakarta (Indonesia) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

- Fluidra Industry España, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra Industry France, S.A.R.L., domiciled in Perpignan (France), is engaged in the manufacture of automatic pool covers.

- Fluidra Industry, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Fluidra JV Youli, S.L.U. domiciled in Sabadell (Barcelona, Spain), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.

- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.

- Fluidra Latam Export LLC, domiciled in Wilmington (US), is mainly engaged in distributing pool materials in the Latin American market.

- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.

- Fluidra Malaysia SDN.BHD, domiciled in Johor (Malaysia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Maroc, S.A.R.L., domiciled in Casablanca (Morocco), is engaged in the import, export, manufacture, marketing, sale and distribution of spare parts for swimming-pools, irrigation and water treatment.

- Fluidra México, S.A. DE CV, domiciled in Mexico City (Mexico) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.

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- Fluidra Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.

- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra (N.Z.) Limited (previously Zodiac Group (N.Z.) Limited, domiciled in North Shore City (New Zealand), is mainly engaged in the distribution and sale of pool material.

- Fluidra Nordic AB, domiciled in Mölndal (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

- Fluidra Österreich GmbH "SSA", domiciled in Salzburg (Austria) is mainly engaged in the marketing of swimming-pool products.

- Fluidra Polska, SP. Z.O.O., domiciled in Wroclaw (Poland) is mainly engaged in the marketing of pool accessories.

- Fluidra Projects USA Inc. domiciled in Wilmington (USA), is engaged in the management, advice and performance of sports, leisure and health centers projects and works, through its own technical, personnel and organizational means or through third-party subcontracting.

- Fluidra Romania S.A., domiciled in Bucharest (Romania) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.

- Fluidra Serbica, D.O.O. Beograd, domiciled in Belgrade (Serbia) is mainly engaged in the marketing of swimming-pool material.

- Fluidra Services España, S.L.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.

- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services and real estate activity.

- Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.

- Fluidra South Africa (Pty), Ltd, domiciled in Johannesburg (South Africa), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.

- Fluidra Switzerland, S.A., domiciled in Bedano (Switzerland) is mainly engaged in the marketing of pool material.

Details of the corporate name and purpose
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- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.

- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Kartal (Turkey), is engaged in the import of equipment, chemical products and other secondary materials necessary for swimming-pools, and their subsequent distribution.

- Fluidra Tunisie, S.A.R.L., domiciled in El Manar (Tunisia), is mainly engaged in the performance of surveys and providing marketing advisory services.

- Fluidra USA, INC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.

- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.

- Fluidra Waterlinx Pty, Ltd, domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories. This company is the parent of the Waterlinx Group, and fully owns Waterlinx Industrial and Irrigation Pty Ltd.

- I.D. Electroquímica, S.L., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and eletrochemical reactors.

- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.

- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.

- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.

- La Tienda Swimming Pool Maintenance LLC, domiciled in Dubai (Dubai), is mainly engaged in the maintenance, installation and sale of pools.

- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.

- Loitech (Ningbo) Heating Equipment Co, Ltd, domiciled in Zhenhai (China), is engaged in the production and installation of heat pumps for swimming-pools, as well as other accessories necessary for assembly.

- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.

- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.

- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.

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- Ningbo Dongchuan Swimming Pool Equipements Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminum products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.

- Ningbo Linya Swimming Pool & Water Treatment Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.

- Piscine Luxembourg Holdings 3, S.A.R.L. (merged with Zodiac Pool Solutions, S.A.R.L.), domiciled in Luxembourg (Luxembourg) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Piscines Techniques 2000, S.A.S., domiciled in Perpignan (France), is engaged in the sale of spare parts for swimming-pools; the purchase and sale of swimming-pool equipment and used water systems; the sale, distribution, marketing, repair and maintenance of swimming-pool equipment, gardening, irrigation and water treatment; and technical advice to swimming-pool and water professionals.

- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.

- Poolweb, SAS, domiciled in Lyon (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.

- Price Chemicals PTY LTD, domiciled in Melbourne (Australia) is engaged in the production and distribution of chemical products for swimming-pools and spas. It imports and locally produces its own brands of renowned chemical products in both the residential and commercial markets.

- Productes Elastomers, S.A., domiciled in Sant Joan Les Fonts (Girona, Spain), is engaged in the manufacture of rubber molded parts, as well as all types of natural and synthetic rubber; the execution and development of techniques for the maintenance of pressure rollers; their repair and trueing; and in general, the production, manufacture and processing of all types of rubber and plastic products.

- Riiot Labs NV/SA, domiciled in Seraing (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.

- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.

- SET Energietechnick GMBH, domiciled in Hemmingen (Germany), is mainly engaged in the distribution and sale of dehumidifiers and fans.

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- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.

- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria, Spain), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.

- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.

- Trace Logistics, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading duties and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.

- Turcat Polyester Sanayi Ve Ticaret A.S., domiciled in Istanbul (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.

- Unistral Recambios, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in the manufacture, purchase and sale and distribution of machinery, accessories, spare parts, parts and products for water treatment and purification in general.

- U.S. Pool Holdings, Inc, domiciled in Delaware (USA), is engaged in the holding and use of equity shares and securities.

- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.

- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd,. domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.

- Zodiac International, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Care Europe, S.A.S., domiciled in Bron (France), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Care South Africa (Propietary) Limited, domiciled in Centurion (South Africa), is engaged in the manufacture, distribution and sale of pool equipment and products and chemical specialties.

- Zodiac Pool Deutschland GMBH., domiciled in Brobostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Solutions, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- Zodiac Pool Systems Canada, INC, domiciled in Vancouver (Canada), is engaged in the distribution and sale of pool-related products and accessories.

- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.

- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.

- ZPES Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

- ZPNA Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

<u>Associates consolidated using the equity method</u>

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.

- OCM Products Limited, domiciled in Wigan (England), is mainly engaged in the production and marketing of swimming-pool filtering products in both the residential and commercial markets.

DIRECTORS' REPORT

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

FLUIDRA, S.A.

Notes to the Annual Accounts

31 December 2019

SUMMARY

1. **General business outlook**

1.1. Business evolution and results

Revenue increased by Euros 282,270 thousand with respect to the corresponding prior year period. This increase is essentially due to the dividends received from Fluidra Finco, S.L.U. (Euros 280,000 thousand), the only Group company in which Fluidra, S.A. holds a direct interest at 31 December 2019 (see note 7).

Personnel expenses have increased mainly due to the provision for long-term incentives recorded in 2019 for Euros 6,805 thousand, compared to the Euros 5,474 thousand recorded in 2018 (see note 18). In addition, the average headcount has increased by 23 employees, affecting the salary and wages expense (see note 19).

Globally, there have not been significant changes in Other operating expenses, increasing by Euros 529 thousand compared to the previous year.

Due to the main variations mentioned above, operating results for the year go from a loss of Euros 42.4 million in 2018 to a profit of Euros 238.4 million in 2019.

In terms of the net finance result, there is not a significant difference between the 2018 result (a loss of Euros 2,514 thousand) and the 2019 result (a loss of 2,636 thousand). It is however important to note that due to the transfer of cash-pooling credit facilities to Fluidra Finco, S.L.U., almost no finance income has been recorded in 2019, being compensated with less finance expenses in the year (see note 13).

If we analyse the Balance Sheet at 31 December 2019 compared to the Balance Sheet at 31 December 2018, there is a very significant increase in non-current investments in group companies and associates, due to the debt generated on the Euros 280,000 dividend, which at 31 December 2019 was pending collection. There is a significant decrease in Trade and other receivables as a result of the drop in current income tax payable, which decreases from Euros 14,316 at 31 December 2018 to Euros 5,659 thousand at 31 December 2019 (see note 7 and note 9).

With regard to liabilities, there is a significant increase in Shareholders' equity due to the profit/(loss) for the year, which was a loss of Euros 33,878 thousand at 31 December 2018 and a profit of Euros 245,947 thousand at 31 December 2019. The non-current debt with Group companies and associates records an increase from Euros 97,067 thousand at 31 December 2018 to Euros 132,898 thousand at 31 December 2019 due to increased cash-pooling debt with Fluidra Finco, S.L.U. The transfer of credit facilities to Fluidra Finco, S.L.U. has led to a decrease of Euros 4,338 thousand in current bank borrowings with a total of zero at 31 December 2019. (see notes 15 and 13).

Since the Company is financed in the short term by the Group through cash pooling credit facilities (see note 15), its Working Capital is negative and will be adjusted in the medium term through dividends collected from subsidiaries.

The average payment period to suppliers is 46 days.

1.2. General description of Risk Policy

In terms of managing the risk policy, the Company has not modified its management of financial market risks (exchange rate and interest rate), maintaining the same hedging policies.

1.3. Treasury shares

Over 2019 the Company has carried out several purchase and sale transactions of treasury shares (937,600 shares purchased and 1,492,890 sold). The securities awarded under the long-term variable remuneration plan aimed at executive directors and the management team of Fluidra, S.A. and subsidiaries are included under disposals of treasury shares for the year. The plan ran from 1 January 2015 to 31 December 2018 and was settled during January 2019 (see note 21). At year end, the Company owned 1,581,398 treasury shares, which account for 0.81% of share capital and a cost of Euros 14,000 thousand.

1.4. Research, Development and Technological Innovation

No investments have been made in research, development and technological innovation during 2019.

1.5. Environmental issues

At 31 December 2019 there are no significant assets for the protection or improvement of the environment and it has not incurred any major expenses of an environmental nature during either year.

1.6. Personnel

The number of employees at year end has increased by 23 compared to 2019.

1.7. Non-financial information and diversity - Act 11/2018

This information required by Act 11/2018 is included in the consolidated directors’ report which forms an integral part of the Consolidated Annual Accounts. The individual directors’ report is exempt from reporting requirements.

2. **Annual Corporate Governance Report**

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION PARTICULARS

Year-end date: 31/12/2019

Tax Identification Code: A-17728593

Registered name:

FLUIDRA, S.A.

Registered office:

AVENIDA FRANCESC MACIA, 60 PLANTA 20, (SABADELL), BARCELONA

A. OWNERSHIP STRUCTURE

A.1. Complete the following table regarding the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
02/07/2018	195,629,070.00	195,629,070	195,629,070

Indicate whether there are different classes of shares with different rights attaching thereto:

[ ] Yes
[√] No

A.2. List the direct and indirect holders of significant shareholdings in the company at the end of the year, excluding members of the board of directors:

Name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RHÔNE CAPITAL LLC	0.00	38.42	0.00	0.00	38.42
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	38.42	0.00	0.00	0.00	38.42
MANUEL PUIG ROCHA	0.00	5.00	0.00	0.00	5.00
JUAN PLANES VILA	0.03	7.07	0.00	0.00	7.10
ANIOL, S.L.	0.78	5.07	0.00	0.00	5.85
EDREM, S.L.	0.03	6.74	0.00	0.00	6.77
DISPUR, S.L.	0.94	6.13	0.00	0.00	7.07
BOYSER, S.L.	1.08	7.05	0.00	0.00	8.13
BLACKROCK EUROPEAN MASTER HEDGE FUND LIMITED	0.00	0.00	3.01	0.00	3.01
ROBERT GARRIGOS RUIZ	0.00	5.85	0.00	0.00	5.85

Breakdown of the indirect shareholdings:

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
MANUEL PUIG ROCHA	BANELANA, S.L.	5.00	0.00	5.00
JUAN PLANES VILA	DISPUR, S.L.	0.94	0.00	0.94
JUAN PLANES VILA	DISPUR POOL, S.L.	6.13	0.00	6.13
EDREM, S.L.	EDREM CARTERA, S.L.U.	6.74	0.00	6.74
DISPUR, S.L.	DISPUR POOL, S.L.	6.13	0.00	6.13
BOYSER, S.L.	BOYSER CORPORATE PORTFOLIO, S.L.	7.05	0.00	7.05
ROBERT GARRIGOS RUIZ	ANIOL, S.L.	0.78	0.00	0.78
ROBERT GARRIGOS RUIZ	PIUMOC INVERSIONS, S.L.U.	5.07	0.00	5.07

State the most significant movements in the shareholding structure that have occurred during the year:

Most significant movements

On 26th June 2019, Piscine Luxembourg Holdings 1, S.à. r.l., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 4% of the Company's share capital.

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A.3. Complete the following tables regarding members of the board of directors who have voting rights attached to shares in the company:

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr GABRIEL LÓPEZ ESCOBAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JOSÉ MANUEL VARGAS GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BERNARDO CORBERA SERRA	0.10	0.15	0.00	0.00	0.25	0.00	0.00

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr OSCAR SERRA DUFFO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	0.00	0.04	0.00	0.00	0.04	0.00	0.00
Mr ELOY PLANES CORTS	0.17	0.00	0.00	0.00	0.17	0.00	0.00
PIUMOC INVERSIONS, S.A.U.	5.07	0.00	0.00	0.00	5.07	0.00	0.00
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRUCE WALKER BROOKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr MICHAEL STEVEN LANGMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms ESTHER BERROZPE GALINDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRIAN MCDONALD	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by members of the board of directors	5.53

Breakdown of indirect shareholdings:

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
Mr BERNARDO CORBERA SERRA	BERAN CARTERA, S.L.U.	0.15	0.00	0.15	0.00
Mr JORGE VALENTÍN	EOLO CAPITAL SICAV	0.04	0.00	0.04	0.00

There are no observations.

A.4. State any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are immaterial or derive from ordinary commercial transactions, except those reported in section A.6:

Name of related parties	Type of relationship	Brief description
No data		

A.5. State any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are immaterial or derive from ordinary commercial transactions of the company:

Name of related parties	Type of relationship	Brief description
No data		

A.6. Describe any relationships, unless insignificant for both parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of board members that are legal persons.

Explain, as the case may be, how significant shareholders are represented. Specifically, state those directors who have been appointed to represent significant shareholders, those whose appointments were proposed by significant shareholders, or are related to significant shareholders and/or companies in their group, specifying the nature of such ties. In particular, mention the existence, identity and post of members of the board, or representatives of directors, of the listed company who are in turn members of the board or their representatives in companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/post
Mr JOSÉ MANUEL VARGAS GÓMEZ	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	José Manuel Vargas Gómez is General Director of Rhône Group
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	EDREM, S.L.	Bernardo Corbera Serra is CEO of Edrem, S.L.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	BOYSER, S.L.	Óscar Serra Duffo is chairman of the Board of Directors of Boyser, S.L.
Mr ELOY PLANES CORTS	DISPUR, S.L.	DISPUR, S.L.	Eloy Planes Corts is a director of Dispur, S.L.
Mr BERNAT GARRIGOS CASTRO	PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	Bernat Garrigós Castro is CEO of Aniol, S.L.
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Sebastien Simon Mazella di Bosco is General Director of Rhône Group
Mr BRUCE WALKER BROOKS	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	The appointment of Bruce Walker Brooks as a director was proposed by Rhône
Mr MICHAEL STEVEN LANGMAN	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Michael Steven Langman is General Director of Rhône Group

A.7. State whether the company has been notified of any shareholders' agreements affecting the company pursuant to the provisions of articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*). If so, briefly describe these agreements and list the shareholders bound by them:

[√] Yes
[ ] No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Date of expiration of the agreement, if any
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L., PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	67.25	On 03/11/2017 a shareholders' agreement was formalized by the same shareholders of Fluidra who are parties to the shareholders' agreement initially formalized on 05/09/2007 and Piscine Luxembourg Holdings 1, S.a.r.l. (controlled by Rhône Capital LLC), reported through Relevant Event no. 258222. This shareholders' agreement came into effect on 02/07/2018, which is the date of effects of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à r.l. (transferor) reported by the Company through Relevant Event no. 258221.	Regulated in Clause 20 of the Agreement, available on www.fluidra.com, Shareholders and Investors, Corporate Governance, Shareholders' Agreements
PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	27.82	On 05/09/2007 a shareholders' agreement was formalized by certain shareholders in Fluidra, S.A. which was reported as a Relevant Event to the CNMV on 02/01/2008 with no. 87808. The agreement has been modified on 5 occasions (First novation: 10/10/2007; Second novation: 01/12/2010, Relevant Event no. 134239; Third novation: 30/07/2015, Relevant Event no. 227028; including supplementary agreement of 30/09/2015, Relevant Event no. 229114; Fourth novation: 27/07/2017 Relevant Event no.º 255114; Fifth novation 03/11/2017, Relevant Event no. 258223, modified on 25/04/2018, Relevant Event no. 264650, subrogations on 23/05/2018 Relevant Event no. 266060, and supplementary agreement to the Fifth Novation on 27/07/2018, Relevant Event no. 268610).	Regulated in Clause Seven of the Agreement, available on www.fluidra.com, Shareholders and Investors, Corporate Governance, Shareholders' Agreements

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

[√] Yes
[ ] No

Parties to the concerted action	% share capital affected	Brief description of the concerted action	Date of expiration, if any
PIUMOC INVERSIONS, S.L.U., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L., BOYSER POOL, S.L.U.	25.00	The Syndication Agreement establishes the parties indicated in it, and in relation to the actions referred to in it the parties undertake to exercise their voting rights at General Meetings of Fluidra as indicated in the Syndication Agreement.	--

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

N/A

A.8. State whether there is any individual or company that exercises or could exercise control over the company in accordance with article 5 of the Securities Market Act (*Ley del Mercado de Valores)*. If so, identify the party in question:

[ ] Yes
[√] No

A.9. Complete the following tables regarding the company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
1,581,398		0.80

(*) Through:

Name of direct shareholder	Number of direct shares
No data	

Explain any significant variations occurring during the year:

Explain significant variations
The Company acquired 777,680 own shares through a repurchase programme that started on 1st March and ended on 1st August 2019. Previously, the Company had acquired 482,920 own shares through a repurchase programme that started on 25th October 2018 and ended on 4th January 2019.

A.10. Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

At the Ordinary General Shareholders' Meeting held on 3 May 2017, it was resolved to (i) authorize the Company to proceed with the derivative acquisition of own shares, directly or through group companies, and with the express power to reduce the share capital to redeem own shares, delegating to the Board of Directors the necessary powers to execute the resolutions passed by the General Meeting in this regard, rendering the previous authorization without effect, and (ii) authorize it to apply the portfolio of own shares, as the case may be, to the execution or coverage of remuneration systems. The authorization granted is valid for a term of five (5) years as of the date the resolution is passed, i.e. until 3rd May 2022.

At the Board meeting of 6th November 2019, it was resolved, in the context of this authorization granted to the Board of Directors, to authorize the Chairman/CEO and the Co-CEO, jointly and severally and indistinctly, to proceed with the derivative acquisition and disposal of own shares up to a maximum number of shares not exceeding four (4%) per cent of the Company's share capital. This authorization will be valid until 31/12/2020.

A.11. Estimated free float:

	%
Estimated free float	24.46

A.12. State whether there are any restrictions (under the Articles of Association, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market, and any prior authorization or communication arrangements in respect of acquisitions or transfers of the company's financial instruments that are applicable to it by virtue of sector-specific regulation.

[√] Yes
[ ] No

Description of the restrictions
See section H1.

A.13. State whether the general shareholders' meeting has approved the adoption of anti-takeover measures pursuant to the provisions of Act 6/2007.

[ ] Yes
[√] No

If so, describe the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued securities that are not traded on a regulated market in the European Union.

[ ] Yes
[√] No

If applicable, specify the different classes of shares and the rights and obligations attaching to each class of shares:

B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether there are differences with respect to the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting:

[ ] Yes
[√] No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

[√] Yes
[ ] No

	Qualified majority other than that established in article 201.2 LSC for cases described in article 194.1 LSC	Other situations of qualified majority
% established by the company for the adoption of resolutions	0.00	0.00

The Shareholders' Agreement formalized on 03/11/2017, Relevant Event notice no. 258222, provides for certain qualified majorities in order to pass certain resolutions of the General Shareholders' Meeting. The requirement for these qualified majorities is also established in article 33 of the company's Articles of Association and in article 25 of the General Meeting Regulations. See section B.3 below for further details.

B.3. State the rules applicable to the amendment of the company's Articles of Association. In particular, disclose the majorities provided for amending the Articles of Association, and any rules provided for the protection of shareholders' rights in the amendment of the Articles of Association.

The procedure for amending the Articles of Association must conform to the provisions of article 285 and following of the Companies Act, which require approval by the General Shareholders' Meeting, with the quorum and majorities established in articles 194 and 201 of the aforesaid Act, as well as the requirement to draw up and make available to the shareholders a mandatory report by the directors justifying the amendment. Article 27 of the Articles of Associations and article 15 of the General Meeting Regulations set out the principle contained in article 194 of the Companies Act and establish that in order for an ordinary or extraordinary General Meeting to resolve validly on any amendment of the Articles of Association, the attendance, in person or through a representative, of shareholders holding at least fifty per cent of the share capital with voting rights is required on the first call. On the second call, twenty-five per cent of the aforesaid capital will be sufficient. Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions of the General Shareholders' Meeting, establishing, in the case of amendments to the Articles of Association, that each article or group of articles of sufficient entity is to be voted on separately.
Furthermore, in accordance with the provisions of article 33 of the Articles of Association and article 35 of the General Meeting Regulations, in order to pass resolutions on the matters indicated below (the "Reserved Matters"), a vote in favour by sixty-nine per cent (69%) of the Company's share capital is required on first call and a vote in favour by sixty-six per cent (66%) of the Company's share capital on second call:
(i) increase in share capital, the issue of debentures or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation of the power to pass resolutions on these matters to the Board of Directors;
(ii) reduction in share capital, except in cases where a reduction is mandatory by law;
(iii) the approval of any structure modification operations, such as transformation, merger, de-merger, global transfer of assets and liabilities and moving the Company's registered office abroad;
(iv) the approval of operations for the acquisition or disposal of essential assets in accordance with article 160.f) and article 511 bis of the Companies Act;
(v) the voluntary dissolution of the Company;
(vi) the modification of the number of members of the Board of Directors;
(vii) the exclusion of the Company's shares from trading on any securities market; and
(viii) the amendment of the Company's Articles of Association in relation to any of the Reserved Matters referred to above.

B.4. State data on attendance at general shareholders' meetings held during the year this report refers to and for the two previous years:

	Attendance data				
Date of general meeting	% shareholders present in person	% represented	% remote voting		Total
			Electronic voting	Other	
03/05/2017	60.30	7.70	0.00	0.00	68.00
Of which floating capital	0.00	0.00	0.00	0.00	0.00
20/02/2018	8.54	75.53	0.00	0.00	84.07
Of which floating capital	0.02	22.25	0.00	0.00	22.27
27/06/2018	2.80	76.51	0.00	0.00	79.31
Of which floating capital	0.01	22.26	0.00	0.00	22.27
08/05/2019	1.36	86.75	0.00	0.00	88.11
Of which floating capital	0.79	11.42	0.00	0.00	12.21

B.5. State whether any item on the agenda of the general shareholders' meetings held during the year has not been approved by the shareholders for any reason:

[ ] Yes
[√] No

B.6. State whether there are any restrictions in the Articles of Association requiring a minimum number of shares in order to attend the general meeting, or to vote remotely:

[ ] Yes
[√] No

B.7. State whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, or contribution to another company of essential assets or similar corporate operations must be submitted for approval to the general shareholders' meeting:

[ ] Yes
[√] No

B.8. State the address and method for accessing the company's website to access information on corporate governance and other information on general shareholders' meetings that must be made available to shareholders through the company's website:

www.fluidra.com
Following the route to SHAREHOLDERS AND INVESTORS, among other options the following will appear:
STOCK EXCHANGE INFORMATION
FINANCIAL INFORMATION
RELEVANT EVENTS
INVESTOR AGENDA
CORPORATE GOVERNANCE
CONTACT

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general shareholders' meeting:

Maximum number of directors	12
Minimum number of directors	12
Number of directors established by the General Meeting	12

There are no observations in this regard.

C.1.2 Complete the following table on members of the board:

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr GABRIEL LÓPEZ ESCOBAR		Independent	LEAD INDEPENDENT DIRECTOR	30/10/2014	08/05/2019	GENERAL MEETING RESOLUTION
Mr JOSÉ MANUEL VARGAS GÓMEZ		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BERNARDO CORBERA SERRA		Proprietary	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr OSCAR SERRA DUFFO		Proprietary	VICE-CHAIRMAN	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ		Independent	DIRECTOR	05/05/2015	08/05/2019	GENERAL MEETING RESOLUTION
Mr ELOY PLANES CORTS		Executive	CHAIRMAN-CEO	31/10/2006	03/05/2017	GENERAL MEETING RESOLUTION

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
PIUMOC INVERSIONES, S.L.U.	Mr BERNAT GARRIGOS CASTRO	Proprietary	DIRECTOR	27/06/2018	27/06/2018	GENERAL MEETING RESOLUTION
Mr SEBASTIEN SIMON MAZELLA DI BOSCO		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRUCE WALKER BROOKS		Executive	CO-CEO	02/07/2018	02/072018	GENERAL MEETING RESOLUTION
Mr MICHAEL STEVEN LANGMAN		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Ms ESTHER BERROZPE GALINDO		Independent	DIRECTOR	06/09/2019	06/09/2019	CO-OPTATION
Mr BRIAN MC DONALD		Independent	DIRECTOR	06/09/2019	06/09/2019	CO-OPTATION

Total number of directors	12

State any directors that have left the board, either through resignation, removal or any other reason, during the reporting period:

Name of director	Type of director at time of leaving	Date of last appointment	Date director left	Specialized committees on which director served	State whether director left before end of term
Mr JUAN IGNACIO ACHA-ORBEA ECHEVERRÍA	Independent	03/05/2017	05/09/2019	Audit Committee	NO
Mr RICHARD J. CATHCART	Independent	03/05/2017	05/09/2019	Appointments and Remuneration Committee	NO

Reason for leaving and other observations
There are no observations.

C.1.3 Complete the following tables concerning board members and their categories:

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
Mr ELOY PLANES CORTS	Chairman - CEO	Eloy Planes Corts was born in Barcelona in 1969. Holder of a Degree in Industrial Engineering from the Polytechnic University of Catalonia (UPC) and a Master's Degree in Business Management from EADA. A member of the second generation of one of the founding families, Eloy Planes joined Fluidra (then "Astral") as R&D Manager in 1994 and in 1998 was appointed as Logistics Manager and then as General Manager of AstralPool España, leading the mergers of different commercial companies in Spain and gaining in-depth knowledge of the business. In 2000, Eloy took on the General Management of AstralPool, continuing with the expansion of the business in international markets. In 2002, the family group took a decisive step: under the leadership of Eloy Planes as General Manager, the Fluidra group was created (under the name of "Aquaria"), bringing together the pool production and distribution companies. Banco Sabadell acquired 20% of the share capital and joined the four owner families. Eloy led the change in logistical model. In 2006, Fluidra reached its current size with the incorporation of four previously independent partners. In the same year, Eloy Planes was appointed CEO of the Fluidra group, leading the company to significant milestones: its flotation in 2007, its restructuring in 2008/09, accompanied by an acceleration of the internationalization process in the commercial aspect and the application of lean management in the industrial part of the group. In 2016, Eloy took on the role of Executive Chairman of Fluidra. In that same year he created the Fluidra Foundation. In 2017 a major transformational corporate operation lead by Eloy was announced: the merger with US company Zodiac, which was completed in July 2018. Eloy is Executive Chairman of the Board of Directors of Fluidra, world leader in Pools and Wellness. He is also the President of the Barcelona International Pool Trade Show and of the Catalunya Cultura Foundation.
Mr BRUCE WALKER BROOKS	Co-CEO	Bruce W. Brooks holds a Degree in Marketing from the University of Virginia. Bruce brings significant experience in international management to Fluidra, after more than 20 years at Black & Decker Corporation. In 1986, shortly after obtaining his degree, he started his career at that company, where he held a number of different posts over the years, including group vice-president, president of the consumer product group, president of construction tools and vice-president of mechanical tools. In 2011, he joined Zodiac Pool Solutions where he held the post of CEO. During his time at Zodiac, Bruce took the company to an approach focused on the residential pool market, thus leading the company's financial resurgence after 2011. In 2016, Bruce oversaw the successful transition of ownership from the Caryle Group to the Rhône Group and in 2018 he played a decisive role in in the plan to integrate with Fluidra.

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
		Throughout his career, Bruce has shown great skill in the management and development of existing companies as well as in their expansion into new markets, at both domestic and international level and is highly valued for his strategic reasoning and his capacity to develop and execute systems and processes with the successful attainment of short and long-term goals. Bruce holds the post of co-CEO and is also a member of the Board of Directors of Fluidra.

Total number of executive directors	2
% of total board	16.67

There are no observations.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr JOSÉ MANUEL VARGAS GÓMEZ	RHÔNE CAPITAL LLC	José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also held the posts of CEO and Financial Director of Vocento and as a director of ABC. Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group). José Manuel has served on a number of boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED. He is also a chartered accountant. In addition to Fluidra, Mr Vargas is currently a member of the Board of Directors of Maxam.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	Born in Barcelona in 1965, he holds a Degree in Business Science from E.S.E.I. and has completed the IESE Senior Executive Programme. In the past he has held several posts in the Fluidra Group. In particular, he started his career at Astral Export, S.A. where he was responsible for expansion in Africa, the Middle East and Central America. In 1993, he moved to the USA where he took on the market study and subsequent implementation of Astral Products and Polytank in that country. In 1999, he joined Astral Grup with responsibility for North America and Mexico and was appointed as a member of the Executive Committee. In 2000 he was appointed to the Board of Directors of Fluidra, and CEO of Edrem, S.L., a family investment company. In addition, he manages and is a member of the board of several family businesses or in which he is a significant investor.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	Born in Barcelona in 1962. He obtained a Degree in Business Administration from Management School in 1981. He started his career in the marketing area of several family businesses, notably La Casera and Schweppes. In 1989 he joined the Commercial department of Plasteral, taking responsibility for the Spas division. Throughout his career he has worked in the areas of marketing and communication. At present, he does not provide services for the Fluidra Group, focusing his professional activity on the management of several real estate, communication and family companies. He is the chairman of the Board of Directors of Boyser, S.L.
PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	The natural person acting as representative of Piumoc Inversions, S.L.U. in exercising the post of Director is Mr Bernat Garrigós Castro, whose profile is as follows: Born in Barcelona in 1967. He obtained a Degree in Biology from the University of Barcelona in 1991, and later, in 1994, studied for a Master's Degree in Environmental Management at Duke University and an Executive Development Programme organized by IESE Business School. Since 2004, Bernat has managed Aniol, S.L. He is currently involved in several projects involving new technologies. His career in the Fluidra Group has included posts in several companies. From 1995 to 1998 he was Product Manager at Astral Grup and subsequently, until 2002, held the post of Production Manager at Servaqua, S.A. Bernat is CEO of Aniol, S.L.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	RHÔNE CAPITAL, LLC	Mr Sébastien Mazella di Bosco joined Rhône in 2005 and became Managing Director in 2013. Previously, he had worked at the investment banking department of Lazard Frères in New York, specializing in mergers, acquisition and North American and transatlantic capital markets in the consumer, food and retail sectors. During his fourteen years at Rhône, he has participated in the detection, execution and monitoring of investments in a wide range of sectors, such as industry, packaging, aviation, services and the consumer sector. He also covers the French and Benelux markets. He currently serves on the Board of Fluidra (BME: FDR) and monitors Rhône's investment in Vista Global Holding. Previously he also held posts on the Boards of Ranpak, Arizona Chemical and Eden Springs. He graduated from the HEC School of Management and obtained a Degree in Philosophy from the Sorbonne in Paris.
Mr MICHAEL STEVEN LANGMAN	RHÔNE CAPITAL, LLC	Mr Langman cofounded Rhône in 1996 and has led the day to day management of the company since it started. Rhône is a private equity, real estate and venture capital alternative asset manager. Mr Langman is a partner, manager and general director of Rhône. Prior to Rhône, he was managing director at Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, he worked at the mergers and acquisition department of Goldman Sachs. He has more than thirty years' experience in financing, analysing and investing in public and private companies. As well as his post on the board of Fluidra, S.A., he currently serves on the board of CSM Bakery Solutions, Hudson's Bay Company, Maxam and Vista Global Holding. He is also a director and advisor to several philanthropic and educational institutions. He received a Degree with highest honours from the University of North Carolina at Chapel Hill and has a Master's Degree from the London School of Economics.

Total number de proprietary directors	6
% of total board	50.00

There are no observations.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
Mr GABRIEL LÓPEZ ESCOBAR	Born in Madrid in 1956, he holds a Degree in Business Science, a Master's Degree in Economic Sciences and a Postgraduate Diploma in Economic Science Studies and European Studies from the University of Nancy (France). He is registered in the Official Register of Auditors and on the Roster of the US Public Company Accounting Oversight Board (PCAOB). He joined PwC in 1984 and was a partner of the firm until 2014. He has extensive experience in all kind of auditing, financial advising and financial investigation services. He has been responsible for auditing major Spanish groups as well as the subsidiaries of international groups, providing his services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/SEAT. During his final years at the Firm he was also Chairman of the Supervision Committee of PwC Spain. In 2015 he served as advisor to the Family Board of Grupo Empresarial Fuertes, S.L. He has been an advisor on the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A. since May 2018. He has been an independent director of Fluidra since October 2014, and since September 2019 has returned to his post as Chairman of its Audit Committee. He has been Lead Independent Director of Fluidra since 2016.
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE. In a career spanning 22 years at Danone he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12 B€ and present in more than 50 countries. At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Puig and Fluidra.
Ms ESTHER BERROZPE GALINDO	Ms Esther Berrozpe was president for Europe, the Middle East and Africa at Whirlpool Corporation and executive vice-president of the company, world leader in the household electrical goods sector, which in 2018 had annual sales of 21 billion dollars, 92,000 employees and 65 production, research and development centres. She holds a degree in Economics and Business Science from Deusto University in San Sebastián. She led the company's integration and transformation process following the acquisition of Indesit Company by Whirlpool in 2014. Esther has extensive international experience of more than two decades in consumer good companies and has held positions of responsibility both in Europe and the USA. She has also worked for Paglieri, Sara Lee and Wella Group. She also has considerable experience in brand consolidation in the industrial and logistics area, as well as in talent management and change culture, and in mergers and acquisitions. In addition to her post on the board of Fluidra, she is and independent director of the companies Pernod Ricard, Roca Corporación Empresarial and Ontex Group.
Mr BRIAN MCDONALD	Mr Brian McDonald was CEO of RGIS from 2014 to 2017. RGIS is the world's leading inventory management company, a 680-million-dollar business with 53,000 associates in 30 countries around the world. Before joining RGIS, Brian was executive vice-president and operations directors at Tyco International, where he had direct responsibility for its fire and security installation and services division valued at 7.8 billion dollars. Brian worked at Tyco for more than 10 years in different roles, including Sales Director, Vice-President of Field Operations, Vice-President of Southern Operations and Managing Director of ADT United Kingdom/Ireland. Before joining Tyco, Brian held several executive positions with the UTC Power and Otis Elevator units of United Technologies.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
	He has a Degree in Physics from the US Naval Academy and MBA in Operations management from the University of Virginia Darden Graduate School of Business. On graduating from the Naval Academy, Brian served for 5 years as a lieutenant and division officer aboard a US Navy aircraft carrier, overseeing its nuclear systems.

Total number of independent directors	4
% of total board	33.33

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a reasoned statement from the board regarding the reasons why it considers that the director in question can carry out his duties as an independent director.

Name of director	Description of relationship	Reasoned statement
No data		

There are no observations.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors, as well as their ties whether with the company, its management or its shareholders:			
Name of director	Reasons	Company, director or shareholder with which the director has ties	Profile
No data			

Total number of other directors	N.A.
% of total board	N.A.

State the changes, in any, in the category of each director during the period:

Name of director	Date of change	Former category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	2019	2018	2017	2016	2019	2018	2017	2016
Executive					0.00	0.00	0.00	0.00
Proprietary			1	1	0.00	0.00	25.00	20.00
Independent	1				25.0	0.00	0.00	0.00
Other					0.00	0.00	0.00	0.00
Total	1		1	1	8.33	0.00	11.11	10.0

C.1.5 State whether the company has diversity policies in relation to the board of directors of the company on such matters as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, as defined in the Auditing Act, must disclose at least the policy they have implemented in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

If such diversity policies exist, describe them, their goals, the measures and the way in which they have been applied and the results obtained during the year. Also state the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of policies, goals, measures and how they have been applied, as well as the results obtained

The Fluidra Board of Directors Regulations establish that the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and co-optation to fill vacancies, shall strive to ensure that external or non-executive directors represent an ample majority over executive directors, in the composition of the board. Furthermore, the number of independent directors should represent at least one third of the total number of directors.

The Board of Directors Regulations also establish that the Appointments and Remuneration Committee is responsible for evaluating the necessary skills, knowledge and experience on the Board, defining as a result the functions and aptitudes required in the candidates to fill vacancies, evaluating the time and dedication required for them to fulfil their duties. It should also establish representation targets for the least-represented sex on the board, drawing up guidelines on how to reach this target. The candidates selected should be individuals of renowned solvency, skill and experience.

The Appointments and Remuneration Committee ensures that selection procedures do not suffer from implicit bias that could lead to discrimination on account of age, gender or training.

Candidates must be persons whose appointment favours diversity in profession, knowledge, nationality and gender on the Board of Directors. Thus, diversity includes not just gender but also the combination of other factors, such as skills, knowledge and experience in order to give value to the Company.

On 5th September 2019, two of the independent directors of Fluidra formalized their resignation after 12 years in the post, as the provisions of the Board of Directors Regulations establish that independent directors who have held their post for an uninterrupted term of 12 years must tender their resignation.

In the process to select the new Board members, the Appointments and Remuneration Committee explicitly informed the external consultant engaged to carry out the entire selection process that the female gender prevailed if the candidate met the required profile in terms of experience, knowledge and skills, in order to foster gender diversity. As a result of the interest shown throughout the selection process, Ms Esther Berrozpe, a professional of many years' international experience and with extensive experience in business mergers and consolidations in the industrial area and in the consolidation of trademarks, joined the Company's Board of Directors. As far as the other vacancy is concerned, after interviewing a significant number of candidates with very good profiles, most of them female, Mr Brian McDonald was finally selected as he was the candidate who best matched the professional and skills profile that the Company required. The aim of the Appointments and Remuneration Committee is to continue increasing female representation on the Board thus making it more diverse as vacancies arise in the future.

C.1.6 Explain any measures approved by the Appointments Committee in order for selection procedures to be free of any implicit bias that hinders the selection of female directors, and in order for the company to search deliberately for women who meet the professional profile that is sought and include them among potential candidates and reach a balanced presence of men and women:

Explanation of measures

In its criteria for the selection and appointment of Directors approved by the Board of Directors, Fluidra establishes that the company will take gender diversity into consideration in choosing directors, with the object of ensuring equality of opportunity as indicated in the Equality Act (22nd March 2007), Royal Decree-Act 18/2017, of 24th November, amending the Code of Commerce, the Companies Act (Consolidating Act) approved by Royal Legislative Decree 1/2010, of 2nd July, and Act 22/2015, of 20th July, on Accounts Auditing with regard to non-financial and diversity reporting. Similarly, Fluidra will strive to achieve in its Board of Directors, not only gender diversity, but also geographical diversity and diversity of age and professional experience. Accordingly, in the selection process, candidates will be evaluated under criteria of equality and objectivity, avoiding explicit bias that could lead to discrimination and, in particular, hinder the selection of female directors.

In the selection process mentioned in section C.1.5 above carried out by the Appointments and Remuneration Committee, the external advisor was expressly asked to include women with the suitable profile among the candidates to cover the vacancies, in order to give priority to their incorporation if they met the required professional and skills profile in order to further enhance the diversity of knowledge, professional experience and skills on the board. For one of the vacancies it was possible to appoint a female candidate, but this was not the case in the other vacant position as the female candidates did not have a comparable or superior skills profile or knowledge than the candidate who was finally selected.

If there are few or no female directors despite any measures adopted, describe the reasons for this:

Explanation of reasons

One of the goals of the Appointments and Remuneration Committee in relation to the director selection policy is to promote the target of having a number of female directors representing at least 30% of the total board members. Evidence that the measures taken in relation to the selection of female director are reaching the proposed goas is that one of the two vacancies in 2019 was covered by a woman.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the director selection policy. In particular, explain how said policy is promoting the goal that the number of female directors should represent at least 30% of the total number of members of the board of directors by 2020.

The Appointments and Remuneration Committee oversees compliance with the director selection policy for the purpose of ensuring that selection processes take into consideration gender diversity balanced with other criteria of the profile being sought such as knowledge, experience and solvency. As discussed in sections C.1.5 and C.1.6, the Appointments and Remuneration Committee is working with the aim of implementing in full a direct selection policy that will promote the target set of increasing the number of female directors.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding is less than 3% of share capital:

Name of shareholder	Justification
No data	

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If applicable, describe the reasons why such petitions have not been answered:

[ ] Yes
[√] No

C.1.9 State any powers and faculties delegated by the board of directors to CEOs or committees of the board:

Name of director or committee	Brief description
ELOY PLANES CORTS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Eloy Planes, who has been legally appointed as CEO of the Company.
BRUCE WALKER BROOKS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Bruce Walker Brooks, who has been legally appointed as CEO of the Company.

C.1.10 Identify any members of the board who are directors, representatives of directors or officers of other companies that form part of the listed company's group:

Name of director	Name of group company	Position	Does he/she have executive duties?
Mr ELOY PLANES CORTS	ASTRAL NIGERIA, LTD	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA INDUSTRY, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	FLUIDRA COMMERCIAL, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	INNODRIP, S.L.	Director	NO
Mr ELOY PLANES CORTS	FLUIDRA FINCO, S.L.U.	JOINT CEO	YES

C.1.11 Identify the directors of your company or representatives of directors that are legal entities, if any, who are members of the board of directors of other companies listed on official securities markets other than group companies that have been reported to your company:

Name of directors	Name of listed company	Position
Mr MICHAEL STEVEN LANGMAN	HUDSON'S BAY COMPANY	DIRECTOR
Ms ESTHER BERROZPE GALINDO	PERNOD RICARD	DIRECTOR
Ms ESTHER BERROZPE GALINDO	ONTEX GROUP	DIRECTOR

-

C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of boards on which directors may serve, identifying, where appropriate, where this is regulated:

[ ] Yes
[√] No

C.1.13 State the following items relating to the total remuneration of the board of directors:

Remuneration of the board of directors accrued in the year (thousand euros)	6,587
Amount of vested pension rights for present directors (thousand euros)	401
Amount of vested pension right for former directors (thousand euros)	

Of the amount shown above in respect of vested pension rights for present directors, xxx thousand euros accrued in 2019.

C.1.14 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the year:

Name	Position
Mr TROY FRANZEN	BUSINESS GENERAL MANAGER
Mr JOE LINGUADOCA	OPERATIONS GENERAL MANAGER
Mr KEITH MCQUEEN	DEVELOPMENT AND INNOVATION GENERAL MANAGER
Mr CARLOS FRANQUESA CASTRILLO	BUSINESS GENERAL MANAGER

Name	Position	
Mr JUAN JOSÉ MASOLIVER MORENO DE LA VEGA	EMEA POST-SALES MANAGER	
Mr JAVIER TINTORÉ SEGURA	CORPORATE FINANCE GENERAL MANAGER	
Mr NICOLÁS MARTÍNEZ FERNÁNDEZ	CORPORATE AUDIT MANAGER	
Ms AMALIA SANTALLUSIA AGUILAR	GENERAL HR MANAGER	
Total senior management remuneration (in thousand euros)		4,023

C.1.15 State whether the board regulations have been amended during the year:

[ ] Yes
[√] No

C.1.16 State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each procedure.

The Board of Directors will be made up of twelve (12) members.
The General Meeting shall strive to ensure, to the extent possible, that in the composition of the Board of Directors the number of external or non-executive directors constitutes an ample majority compared to executive directors. Furthermore, the number of executive directors must be the minimum necessary, taking into account the complexity of the corporate group and the percentage shareholding of the executive directors in the Company's capital. Finally, the number of independent directors should represent at least one third (1/3) of the total directors.
The definitions of the different categories of directors will be as established in the Companies Act from time to time. In the event that there is an external director who cannot be considered to be either a proprietary or an independent director, the Company will explain this circumstance and the director's ties either with the Company or its officers, or with its shareholders.
The category of each director must be explained by the Board to the General Shareholders' Meeting that is to make or ratify each director's appointment.
Appointment of Directors:
Article 17.1 of the Board Regulations establishes that directors will be appointed (i) at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and (ii) following a prior report by the Appointments and Remuneration Committee in the case of all other directors; by the General Shareholders' Meeting or by the Board of Directors in accordance with the provisions contained in the Companies Act. The proposal for appointment or re-election must be accompanied by a justificatory report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or Board meeting. This will also apply to the natural persons that are designated as the representatives of a director. The proposal of the natural person must be submitted for a report by the Appointments and Remuneration Committee. In relation to external directors, article 18 of the Board Regulations establishes that the Board of Directors will strive to ensure that the elected candidates are persons of acknowledged solvency, competence and experience, and must exercise particular rigour in relation to those persons who are called upon to fill the positions of independent director established in article 6 of the Board Regulations.
Re-election of Directors:
Article 19 establishes that before proposing directors to the General Meeting, the Board of Directors will evaluate the quality of the work and dedication to the position of the proposed director during the preceding term of office.
Evaluation of Directors:
In accordance with the provisions of article 14 of the Board of Directors Regulations, the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience in the Board and will define, consequently, the functions and aptitudes necessary in the candidates who are to fill each vacancy and will evaluate the time and dedication required for them to carry out their duties properly.
Removal of Directors:
Article 21.1 of the Board Regulations establishes that directors will be removed from their post when the period for which they were appointed has ended and when the General Meeting so decides making use of the faculties conferred on it by law or the Articles of Association. Reference should therefore be made to the situations established in the Companies Act, specifically in article 223 and following.
The Board of Directors may only propose the removal of an independent director before the end of the term established in the Articles of Association when there is due cause, observed by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause will be deemed to exist when the director has failed to comply with the inherent duties of the position or has incurred in the course of the term of office in any of the circumstances of impediment described in the definition of independent director established in the Companies Act.

C.1.17 Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organization and to the procedures applicable to its activities:

Description of changes

In accordance with article 14 of the Board Regulations, the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience on the Board and will define the necessary duties and aptitudes of the candidates to fill each vacancy accordingly, and will evaluate the time and dedication required in order to discharge the duties well. In 2018, the Appointments and Remuneration Committee was assisted by an external consultant, Seeliger y Conde, with the aim of analysing and evaluating the new composition and operation of the Board and its committees following the merger of Fluidra with the Zodiac group. The external consultant concluded that the performance of the Board of Directors was positive, indicating certain areas of improvement in the way the Board works which have been implemented in the course of 2019 for the purpose of continuing with the integration of new directors, although they have not involved important changes in internal organization or in the procedures applicable to its activities. The evaluation of the Board of Directors has also made it possible to identify the professional profiles that joined the Board in 2019 to cover the two independent director vacancies.
In 2019, the evaluation of the Board was carried out by the Appointments and Remuneration Committee without the participation of any external consultants. The conclusions reached were that the performance of the Board of Directors is positive, and that the integration of the new directors has been completed successfully.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of evaluation process and areas evaluated

The evaluation of the Board of Directors was carried out without the participation of an external consultant and taking into account not only the recommendations of the Good Governance Code for Listed Companies but also international good governance best practice. The aim of this evaluation was to analyse the operation and composition of the new Board of Directors. The evaluation process and the areas evaluated were as follows:
- Operational evaluation and day-to-day working of the Board
- Evaluation of the Board’s practices and tasks
- Individual and collective evaluation of the Board’s performance

The aspects evaluated were the operation of the Board of Directors and its committees, the quality of the Board and its composition, evaluating the professional and functional experience and soft skills of members, in order to offer individual feedback to maximize the contribution of the evaluation.

C.1.18 In years when the evaluation has involved the assistance of an external advisor, detail any business relationship that the consultant or any company of its group have with the company or any of the group companies.

In 2018 the evaluation was carried out by the external consultant Seeliger y Conde.

C.1.19 State the circumstances in which the resignation of directors is mandatory.

In accordance with article 21.2 of the Board Regulations, directors must offer their resignation to the Board of Directors, formalizing their resignation if the Board so decides, in the following cases:
a) When they cease to hold the executive position to which their appointment as director was associated.
b) When they incur in any of the situations of incompatibility or prohibition established by law.
c) When they are severely reprimanded by the Board of Directors because of breaching their obligations as directors.
d) When their continued presence on the Board could jeopardize or damage the Company’s interests, credit or reputation or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of its shareholding in the Company).
e) In the case of independent directors, they may not remain in their position as such for a continued period of more than 12 years, and therefore at the end of that term they must offer their resignation to the Board of Directors.
f) In the case of proprietary directors (i) when the shareholder they represent sells the shareholding in full and; furthermore (ii) in respect of the corresponding number, when the aforesaid shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.
- Article 21.3 also establishes that, in the event that a director ceases to hold his position before the end of the term of office, due to resignation or any other reason, the aforesaid director must explain the reasons in a letter which will be sent to all the members of the Board.

C.1.20 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

[√] Yes
[ ] No

If so, describe the differences.

Description of differences

The Shareholders Agreement formalized on 03/11/2017, reported in Relevant Event notice no. 258222, establishes certain qualified majorities in order to pass certain resolutions by the Board. These qualified majorities are also established in article 42 of the Articles of Association and article 16 of the Board Regulations.

In this regard, in accordance with the provisions of article 16.4 of the Board Regulation, the majorities indicated below will be required in order to pass resolutions on the following matters ("Reserved Matters"):
(i) The removal of the Secretary to the Board of Directors will require that at least seven (7) members of the Board vote in favour;
(ii) The removal of any member of Senior Management will require that at least seven (7) members of the Board vote in favour provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour;
(iii) The admission of the Company's shares for trading on the New York Stock Exchange or any comparable market that grants efficient access to capital markets will require that the resolution be passed (i) with the vote in favour of at least seven (7) members of the Board provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour or (ii) with the unanimous vote of all the members of the Board of Directors other than the proprietary and executive directors proposed by either of the two groups of majority shareholders in the Company existing on the date of these Regulations (i.e. eight (8) of the twelve (12) directors);
(iv) The following reserved matters will require that at least nine (9) members of the Board vote in favour:
a. the appointment and removal of the Chairman of the Board of Directors;
b. the appointment and removal of the CEO;
c. the delegation of faculties by the Board to the Executive Committee, and the appointment of any of its members;
d. the appointment of the Secretary of the Board of Directors;
e. the appointment of any member of Senior Management,
f. any change in the list of positions that make up Senior Management;
g. additional long-term borrowing by the Company or any group company to the extent that such long-term borrowing means that the ratio of long-term net debt to consolidated adjusted EBITDA is more than 3:1 and
h. the modification of the number of members of Board committees.
For the purposes of this section, "Senior Management" will be understood to refer to persons who hold the post of Financial General Manager, General Manager for Europe, Asia, Latam and the Southern Hemisphere, Operations General Manager or General Manager for the Americas. The Board of Directors may modify the definition of "Senior Management" at any time.

C.1.21 Explain whether there are specific requirements, other than the requirements relating to directors, in order to be appointed chairman of the board of directors:

[√] Yes
[ ] No

Description of requirements

In accordance with the provisions of article 8 of the Board Regulations, the Chairman of the Board of directors will be elected out of the Board members with the favourable vote of at least nine (9) Board members, as established in the Company's Articles of Association, following a report from the Appointments and Remuneration Committee. The removal of the Chairman of the Board will require that the corresponding resolution be passed with the favourable vote of at least nine (9) members of the Board.

C.1.22 State whether the Articles of Association or the Board regulations establish any age limit for directors:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board regulations establish any limit on the term of office or other stricter requisites in addition to those established by law for independent directors, that is different from the term established by regulatory provisions:

[ ] Yes
[√] No

C.1.24 State whether the Articles of Association or the Board regulations establish specific rules for proxy voting at Board meetings through other directors, the manner of doing so and, in particular, the maximum number of delegations that a director may hold, as well as whether any restriction has been established regarding the categories of directors who may be delegated, beyond the restrictions imposed by legislation. If so, briefly describe such rules.

As established in article 16 of the Board Regulations, Directors shall make every effort to attend Board meetings and when it is impossible for them to attend in person, they will grant representation in writing, on a special basis for each meeting, appointing another member of the Board as proxy with the pertinent instructions and notifying the Chairman of the Board of Directors of this. Non-executive directors may only delegate another non-executive director to represent them.

C.1.25 State the number of meetings that the board of directors has held during the year. In addition, specify the number of times the board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	10
Number of board meetings at which the Chairman was not in attendance	0

State the number of meeting held by the lead independent director with the other directors, at which no executive director was present or represented:

Number of meetings	0

State the number of meetings held by the different committees of the board during the year:

Number of meetings of the Audit Committee	7
Number of meetings of the Appointments and Remuneration Committee	9
Number of meetings of the Executive Committee	3

C.1.26 State the number of meetings that the board of directors has held during the year and data on attendance of its members:

Number of meetings at which at least 80% of the directors were present in person	10
% of personal attendance with respect to total votes during the year	100.00
Number of meetings at which all directors were present in person or represented by proxies with specific instructions	10
% of votes cast by directors present in person or represented by proxies with specific instructions compared to total votes during the year	100.00

C.1.27 State whether the individual and consolidated annual accounts that are submitted to the board are previously certified:

[ ] Yes
[√] No

Identify, if applicable, the person/persons that has/have certified the individual and consolidated annual accounts of the company for preparation by the board:

C.1.28 Explain the mechanisms, if any, established by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.

As established in article 38.3 of the Board Regulations, the Board of Directors will strive to draw up the accounts definitively in such a way that they do not give rise to qualifications by the auditor. In exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the external auditors will explain clearly to the shareholders the content of such reservations and exceptions. However, when the Board considers that it should uphold its criteria, it will explain publicly the content and scope of the discrepancy.

C.1.29 Is the secretary of the board a director?

[ ] Yes
[√] No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
Mr ALBERT COLLADO ARMENGOL	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

To preserve the independence of the external auditors:

Article 13 of the Board Regulations establishes that the Audit Committee has the following functions in relation to the external auditor or audit firm:
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of external auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal;

- To handle and supervise relations with the auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.

- It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities and the professional fees received from them by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on Auditing.

- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or with legislation regulating auditing.

- To receive information on a regular basis from the auditor or audit firm on the audit plan and the results of the audit and verify that senior management has taken their recommendations into account;

- To ensure the independence of the auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal rules in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the auditor or audit firm the circumstances causing it be examined.

- In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

In turn, article 54 of the Company's Articles of Association establishes that the auditors are to be appointed by the General Meeting before the end of the financial year that is to be audited, for an initial term, which may not be less than three years nor more than nine years, as of the date on which the first financial year to be audited commences, notwithstanding the provisions established in the legislation regulating the audit activity with regard to the possibility of an extension.

The General Meeting may appoint one or several natural or legal persons who will act jointly.

When the persons appointed are natural persons, the General Meeting must appoint as many alternates as principal auditors.

The General Meeting may not revoke the auditors' appointment before the end of the term for which they were appointed, unless there is due cause.

The Audit Committee will refrain from proposing to the Board of Directors, and the latter in turn will refrain from submitting to the General Meeting, the appointment as auditor of the Company's accounts of any firm that incurs in a cause of incompatibility under legislation on auditing as well as any firms in which the fees to be paid to them by the Company, for all services, are more than five per cent of its total revenues during the last financial year.

To preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains relations with financial analysts and investment banks in which it ensures the transparency, non-discrimination, veracity and reliability of the information provided. Corporate Financial General Management, through Investor Relations Management, is responsible for co-ordinating relations with and handling requests for information from institutional or private investors. The mandates to investment banks are granted by Corporate Financial General Management while Analysis and Planning Management handles the work with such banks.

In 2018 the Company obtained credit ratings from Moody´s and Standard & Poor´s, which are published on the company's website and were duly reported to the market through Relevant Event notices number 261590 and number 268995. These credit ratings from Moody's and Standard & Poor's were updated and confirmed respectively on 15th February and 9th July 2019.
The independence of financial analysts is protected by the existence of Investment Relations Management which is specifically dedicated to dealing with them, guaranteeing objective, equitable and non-discriminatory treatment among investors. To guarantee the principles of transparency and non-discrimination, and complying at all times with the regulations on the Securities Market, the Company has several communication channels:

. Personalized attention to analysts and investors

. Publication of information on quarterly results, relevant events and other communications. Publication of press releases.

. E-mail on the website (investor_relations@fluidra.com, accionistas@fluidra.com) . Shareholder information telephone service (34 937243900)

. Presentations, both face-to-face and by telephone. Visits to the Company's premises

All this information is accessible through the Company's website (www.fluidra.com).

C.1.31 State whether the Company has changed the external auditor. If so, identify the incoming and outgoing auditor:

[ ] Yes
[√] No

If there has been any disagreement with the outgoing auditor, explain the content of such disagreements:

[ ] Yes
[√] No

C.1.32 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees received for such work and the percentage this represents of the fees billed to the company and/or its group:

[√] Yes
[ ] No

	Company	Group companies	Total
Amount of other non-audit work (thousand euros)	74	12	86
Amount of non-audit work / Amount of audit work (%)	43.00	1.00	6.00

C.1.33 State whether the audit report on the annual accounts for the previous year has observations or qualifications. If so, state the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

[ ] Yes
[√] No

C.1.34 State the number of years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also state the percentage that the number of years audited by the current audit firm represents with respect to the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without a break	4	4

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group has been audited (%)	25.00	22.20

C.1.35 State whether there is a procedure to ensure directors have the necessary information to prepare meetings of management bodies sufficiently in advance and, if so, describe it:

[√] Yes
[ ] No

Description of the procedure

Fluidra adopts the necessary measures so that directors receive, whenever possible, sufficiently in advance the necessary information, specifically drawn up and oriented in order to prepare the meetings of the Board and its Committees.
In this regard, in accordance with article 15 of the Board Regulations, notice of the meetings of the Board of Directors is to be issued at least five days in advance and will always include the agenda for the meeting and the information necessary to deliberate on and pass resolutions on the matters to be discussed included in the agenda, unless the meeting Board of Directors has been held or convened exceptionally for reasons of urgency. The Chairman, as the person responsible for the efficient operation of the Board, with the Secretary's collaboration will ensure that directors receive such information adequately. The Chairman of the Board of Directors may convene extraordinary meetings of the Board when in his opinion the circumstances so require, and in such cases the term of advance notice and other requisites indicated above do not apply. However, every effort will be made to ensure that any documentation that is to be provided to the Directors is delivered sufficiently in advance. Furthermore, Board meetings will be deemed valid without the need to have been previously convened if all the members are present or represented and agree unanimously to hold a meeting.
Furthermore, the Board and its Committees have an action plan that details and schedules the activities to be carried out each year, according to the competences and tasks assigned to them.
To provide all the information and clarifications necessary in relation to the matters discussed, the principal senior managers of the Group regularly attend the meetings of the Board and its Committees, to provide information on matters within their area of competence.
Furthermore, article 22 of the Board Regulations establishes as follows:
1. Any director may request information on any matter that falls under the competence of the Board and, in this regard, examine its books, records, documents and other documentation. The right to information extends to companies in which a stake is held, whenever possible.
2. The request for information should be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board of Directors and the appropriate person in the Company.
3. The Secretary will inform the director of the confidential nature of the information he or she requests and receives and of the duty of confidentiality in accordance with the Board Regulations.

C.1.36 State whether the company has established any rules requiring directors to inform the company and, as the case may be resign, in cases in which the credit and reputation of the company may be damaged, and, if so, provide a detailed description:

[√] Yes
[ ] No

Explain the rules

Article 32.2 of the Board Regulations establishes the obligation for directors to inform the Company in any cases that might damage the company's credit or reputation and, in particular, to inform the board of any criminal investigations in which they are involved as investigated persons, as well as the subsequent procedural phases, any disqualification procedures initiated against them, any near-insolvency economic situations of any trading companies in which they hold stakes or which they represent or, as the case may be, the commencement of insolvency proceedings against such companies.
This same article also establishes that in the event that a director is prosecuted or a court order is issued against a director for the commencement of a trial for any of the criminal offences listed in article 213 of the Companies Act, the Board will examine the case as soon as possible and, in light of its specific circumstances, will decide whether or not the director is to remain in office.

C.1.37 State whether any member of the board of directors has informed the company that he/she has been prosecuted or that an order for the commencement of a trial has been issued against that member for any of the criminal offences listed in article 213 of the Companies Act

[ ] Yes
[√] No

C.1.38 Describe the significant agreements entered into by the company that come into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39 Identify individually, when directors are involved, and on an aggregate basis in all other cases, and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or unfair dismissal, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	7
Type of beneficiary	**Description of the agreement**
Executive Chairman /CEO / Senior Managers	The Executive Chairman's contract establishes compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to two years' salary, based on the gross fixed annual salary received in the year termination occurs and the gross variable annual salary for the preceding year. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services.

Type of beneficiary	Description of the agreement
	The economic compensation established for the obligation undertaken by virtue of the non-compete clause is two years' fixed gross annual salary at the time of termination of the contract. The CEO's contract establishes compensation in the event of termination of this contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to one year's salary, based on the gross fixed annual salary received in the year termination occurs and the gross target annual salary. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation deriving from the non-compete clause is included in the amount of the remuneration established for the director. Senior Managers: Two Senior Managers have a post contractual non-compete clause, one for a term of 18 months and the other for a term of 12 months after the end of provision of services. 15% of their fixed remuneration remunerates the obligation undertaken by virtue of the post-contractual non-compete clause. One Senior Manager is entitled to receive compensation in the event of termination of his contract by Fluidra for any reason, except in the event of fair dismissal, the amount of which is equal to one year's fixed gross annual salary at the time of termination. Three Senior Managers are entitled to receive compensation in the event of termination of their contract by the Group within 12 months following the date on which a change in control takes place, or at the manager's choice if such a change in control occurs, the amount of which is equal to one year's fixed gross annual salary as well as payment of medical insurance for a term of not more than 12 months payment of an outplacement service. One of the Senior Managers is also entitled to receive such compensation in the event that he decides to terminate this contract, provided that this is due to certain causes. One Senior Manager has a post-contractual non-solicitation clause for a term of one year after the end of provision of services, with no additional compensation to the established remuneration.

State whether, beyond the cases established by law, such contracts have to be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases envisaged and the nature of the bodies responsible for approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	√	

	Yes	No
Is the General Meeting informed of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Describe all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

Audit Committee		
Name	Position	Category
Mr GABRIEL LÓPEZ ESCOBAR	CHAIRMAN	Independent
Mr JOSÉ MANUEL VARGAS GÓMEZ	MEMBER	Proprietary
Mr BERNARDO CORBERA SERRA	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr BRIAN MC DONALD	MEMBER	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H.1.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the data of appointment of the chairman of this committee.

Name of directors with experience	Mr GABRIEL LÓPEZ ESCOBAR / Mr JOSÉ MANUEL VARGAS GÓMEZ / Mr BERNARDO CORBERA SERRA / Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ / Mr BRIAN MC DONALD
Date of appointment of chairman to that post	27/09/2019

Appointments and Remuneration Committee		
Name	Position	Category
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	CHAIRMAN	Independent
PIUMOC INVERSIONS, S.L.U.	MEMBER	Proprietary
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Ms ESTHER BERROZPE GALINDO	MEMBER	Independent

% executive directors	0.00
% proprietary directors	50.00
% independent directors	50.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

See section H1. In addition:

Duties:
• Direct the definition of profiles of Board members and review them annually as part of the Board Evaluation.
• Direct the selection process for new members of the Board.
• Direct the evaluation of the Board, at least once a year, ensuring that suitable feedback is provided to the Board and its members individually.
• Lead the annual review of the Board and of the Committees, in order to guarantee that both the Board and the Committees have clear objectives that stay aligned with those of the Company as they evolve.
• Ensure that there are succession plans (or, at least, contingency plans) to guarantee leadership of the Board and senior management.
• Review compliance by the Board and the Committees in relation to their internal rules of operation at least twice a year and make sure the Board takes responsibility for such compliance.
• Carry out a prior review of the Human Resources Policies and Procedures that will be submitted to the Board. Specifically, in collaboration with senior managers of HR and the Executive Chairman / CEO, develop, evaluate and modify (when necessary) incentive and remuneration policies for executives, and benefits, both in annual plans and in long-term incentive plans. Encourage the company to implement, maintain and communicate these policies and procedures so that they fulfil the purpose of aligning people with the company’s strategy and so that they can act as elements of motivation and retention. Ensure that the above is done in a suitable timeframe.
• Review the evaluations of the performance and remuneration policies of the management team.
The most important actions during the year were as follows:
- Proposal to the Board for approval of Executive Chairman / CEO and Board Compensation
- Remuneration Report 2018
- Corporate Governance Report 2018
- Follow-up of LTI 2018-2022
- Follow-up of Executive Chairman / CEO Succession Plan
- Follow-up of Executive Chairman / CEO’s annual objectives
- Evaluation of the performance of the Board and its committees.
- Selection process and proposal for appointment of two new independent directors.

Executive Committee		
Name	Position	Category
Mr OSCAR SERRA DUFFO	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr ELOY PLANES CORTS	CHAIRMAN	Executive
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Mr BRUCE WALKER BROOKS	MEMBER	Executive

% executive directors	40.00
% proprietary directors	40.00
% independent directors	20.00
% other external directors	0.00

Explain the duties assigned to this committee and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or other corporate resolutions, has been exercised in practice.

Notwithstanding the delegation of faculties to an executive officer and the powers of attorney that may be granted to any person, the Board of Directors may designate an Executive Committee. The Executive Chairman and the CEO will in any case be part of the Executive Committee. The Executive Chairman will act as Chairman of the Executive Committee. The Secretary of the Executive Committee will be appointed by the Executive Committee and may be a Director or someone who is not. The Executive Committee will meet as often as it is convened by the Chairman of this Committee or by the CEO. Resolutions of the Executive Committee meeting by video conference, multiple telephone conference call or other remote communication techniques will be valid, provided that none of the Committee members objects to this procedure, they have the necessary means for this purpose and can recognize each other, which point must be stated in the meetings of the Committee meeting. In that case, a single meeting will be deemed to have been held at the registered office. The meetings of the Executive Committee will be quorate when a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. In the event that the Executive Committee were not to approve any of the decisions submitted to it for consideration, the Chairman of this Committee may submit any resolutions not passed to the consideration of the Board of Directors, whenever he considers it appropriate in light of the relevance of the matter. The Secretary will draw up minutes of each of the meetings of the Executive Committee, both in English and in Spanish, and will report punctually to the Board on the matters discussed and the decisions adopted at its meetings. The Secretary shall also deliver a copy of the minutes to each one of the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting speak fluent Spanish, in which case the meeting will be held in Spanish.

C.2.2 Complete the following table with information regarding the number of female directors on the committees of the board of directors at the end of the last four years:

	Number of female directors							
	2019		2018		2017		2016	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	1	25.00	0	0.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and any amendments made during the year. Also state whether any annual report on the activities of each committee has been prepared voluntarily.

APPOINTMENTS AND REMUNERATIONS COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 14), which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Appointments and Remuneration Committee.
AUDIT COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 13) and in the Internal Conduct Regulation, which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Audit Committee.
EXECUTIVE COMMITTEE
The Committee is regulated in the Board of Directors Regulations (article 12), which are published both at the CNMV and on the Company's website.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain any procedure and the competent bodies for the approval of related-party and intragroup transactions.

Transactions with related parties that take place in the context of the sale or purchase of materials and products in the normal course of operations or rental of premises owned by related parties are verified at the end of the year, following instructions of the Audit Committee, by the group's Internal Audit Management with the aim of verifying that the consideration is based on market prices. The results are submitted to the Audit Committee which certifies whether these transactions have been carried out on an arm's length basis. Furthermore, in the middle of the year Internal Audit Management carries out a quantitative analysis of fluctuations in related-party transactions and reports the results to the Audit Committee.

Any related-party transactions that do not correspond to normal business operations are be analysed and approved by the Audit Committee and/or the Board of Directors.

D.2. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's significant shareholders:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
No data				N.A.

D.3. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's directors or senior managers:

Name of directors or senior managers	Name of the related party	Relationship	Nature of the transaction	Amount (thousand euros)
No data				N.A.

D.4. Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's normal business activity with regard to their object and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
No data		N.A.

D.5. Provide details of significant transactions between the company or group companies and other related parties that have not been reported under previous headings:

Name of the related party	Brief description of the transaction	Amount (thousand euros)
CONSTRALSA, SL	Lease of premises to FLUIDRA group	1.608
IBERSPA, S.L.	Purchaser of assets by the FLUIDRA group from IBERSPA.	4.124

D.6. Describe the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, senior managers or significant shareholders.

See section H.1.

D.7. Is more than one company of the group listed in Spain?

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including the system for managing tax risks:

– Fluidra's risk management system is designed to mitigate all the risks to which the company may be exposed on account of its activity. The structure of risk management is based on three pillars.
- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks deriving from drawing up financial information and improving the reliability of such information, which have been designed in accordance with Internal Control over Financial Reporting (ICFR).
- The risk map, which is the methodology used by Fluidra to identify, understand and assess the risks that affect the company. The aim is to obtain an overall view of risks, designing a system of efficient responses aligned with the business objectives.
These elements constitute an integrated system that provides adequate management of the risks and the controls that mitigate them at all levels of the organization.
Fluidra's risk management system is a global and dynamic system. Its sphere of action is the entire organization and its environment. It is intended to be permanently in force and compliance with it is mandatory for all employees, managers and directors of the company.
In addition, the internal audit department is responsible for overseeing compliance with and correct operation of these systems.

E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management and Control System, including the system for managing tax risks:

Responsibility for drawing up and executing the risk management system is exercised basically by the Audit Committee, specifically supported by the internal audit department.
The internal audit department is in charge of supervision and the correct operation of the risk management system.
The objectives of the audit committee are:
• To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
• To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
• To supervise the efficiency of the Company's internal control, specially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• To supervise the process of drawing up and presenting regulated financial information.
• To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• To handle relations with the auditors or audit firms in order to receive information on any matters that could endanger their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards. It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of Accounts Audit Act 19/1988, of 12th July.
• To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must disclose the provision of additional services as referred to above.
• To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
• To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.
• To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
• To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.
With regard to tax, the tax strategy approved by the Board is governed by the following principles: compliance with the applicable tax obligations in the territories where it does business, promote a relationship of collaboration with the Tax Authorities with which it relates, and protect sustainable value generation for the Company's different stakeholders.
Tax Management of the Group reports, at least one a year, to the Board – through the Audit Committee – on the management of and compliance with tax obligations as well as tax risk control and management aspects.

E.3. Point out the main risks, including tax risks and to the extent that they are significant the risks deriving from corruption (with the scope indicated in Royal Decree Act 18/2017), that could affect the achievement of business goals:

In the process of identifying, understanding and assessing the risks that affect the company, the following risk factors have been considered:
Operational risks
a) Safety incidents
b) Erroneous actions and relations with workers
c) Market risks and risks of the activities in which the Group does business
d) Brand reputation
e) Risks relating to processes
f) Economic environment
g) Climatology
h) Geopolitical risk
i) Integrations of new companies

Financial risks
a) Credit risk
b) Default/ Insolvency of customers
c) Liquidity risk

E.4. Identify whether the company has risk tolerance levels, including one for tax risk:

The various risks are identified and assessed on the basis of an analysis of the possible events that could give rise to such risks. The assessment is carried out using parameters that measure probability and impact. The controls in place to mitigate them are determined as well as the additional action plans necessary if such controls are considered insufficient.
This process, performed annually, lets the Company's Risk Map be obtained. The most relevant risks are taken from this map and, together with the main variations compared to the previous year, are submitted to the Audit Committee for discussion and approval.
The definition of the scale of gravity and the scale of probability is carried out based on qualitative and quantitative criteria. Once the critical risks have been identified and assessed, Company Management establishes specific actions, determining the person responsible and time to perform them, to mitigate the impact and probability of such risks and at the same time reviews the current controls over these risks. The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee, for supervision and approval. The Audit Committee subsequently reports to the Board of Directors.

E.5. State what risks, including tax risks, have materialized during the year:

The following risks have materialized in 2019:

During the integration of the Australian subsidiaries and in the process of harmonizing their processes, a failure to apply certain policies of the Group was detected, which has led to the application of disciplinary measures. Local and Area Management together with financial management of the group have calculated the impact of the incidents found, which totals EUR 4.1 million. An action and incident remediation plan has also been established to prevent them from happening again.

E.6. Explain the plans for responding to and supervising the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that appear:

· Development of new products. Continuing analysis of sales of new strategic products and comparison with competitors based on market research monitoring tools, statistical database analysis by type of market and product. Performance of comparative studies that will let us differentiate ourselves from competitors and update the product valuation dossiers with the information obtained. Specific action plans aimed at ensuring production capacities are adapted to the demand levels forecast for these new products.

· Financial risks: Financial risks undergo continuous monitoring of, among others, the exposure to exchange rate and/or interest rate risk, proposing corrective measures.

· Credit risks: The Fluidra Group has a very diversified customer portfolio. However, in the America region, the company carries out continuous and specific monitoring of two customers that concentrate an important credit risk, analysing both the credit limits and financial health of these customers. Furthermore, the merger made it possible to reduce the impact of this risk with the diversification of the Group's portfolio in more geographical areas.

·Technological risks: Given the activities carried on by the different business units of Fluidra, protecting their technology and developments is an essential milestone in order to maintain their competitive advantage. To this end the Company has certain development criteria and policies, as well as legal protocols that guarantee such protection.

·Risk in the management of subsidiaries: Fluidra is firmly determined and convinced that reinforcing and harmonizing its procedures and internal controls in the subsidiaries of the group is the right way to ensure prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, Internal Audit is a very valuable tool in the pursuit of this goal.

·Human capital risks: The companies of the Fluidra Group have a variable remuneration policy linked to professional development and the achievement of personal objectives in order to identify and reward its best professionals in this way.

The parent company has a whistleblowing channel created by the Audit Committee, under the collegiate management of corporate HR management, Internal Audit and Legal, so that any employee of the group can report any issues relating to internal control, accounting or auditing. The company has an Internal Code of Conduct on matters relating to the securities market.

·Process-related risks: These risks are handled and monitored centrally by the Management Control department and verified by the Internal Audit department. The processes of obtaining consolidated financial information are carried out centrally under corporate criteria, and both the consolidated annual accounts and the individual annual accounts of each subsidiary are verified by external auditors.

·Tax and legal risks: Fluidra has defined a procedure for the identification and valuation of legal and tax risks which it applies on a regular basis. The object of this procedure is to identify any disputes or litigation that could have an impact on the Company’s equity situation, or any differences that could arise due to a different interpretation of legislation in relation to a given tax. Based on the analysis carried out, the Company records the pertinent accounting provisions in order to have adequate cover in the event that any of these risks should materialize.

·Climate risks. The Company’s risk map contemplates climatology or weather as a risk, in other words, the possible economic losses deriving from adverse movements in certain climate variables (GRI 201.2) both at global and local level in any of the regions or countries where Fluidra does business. The system followed to cover the risks currently consists of the geographical diversification of the business, increasing the portfolio of products for adverse climates, and research and development of products with low water, energy and chemical consumption as well as products and services that permit efficient management of pool installations at any time of year and in any weather situation.

F. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS ON FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the company's financial reporting (ICFR).

F.1. Control environment in the company.

Indicate, specifying their main features, at least the following:

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation of this system; and (iii) supervision of the system.

Fluidra S.A. and its subsidiaries (hereinafter Fluidra) formally defines the responsibilities for the adequate and effective existence of ICFR in the Board of Directors Regulations.
The Board of Directors has designated Corporate Financial Management of Fluidra as responsible for the implementation and maintenance of ICFR.
As regards responsibility for supervising ICFR, article 13.3 of the Board Regulations explicitly includes the responsibility of the Audit Committee in relation to supervision of the ICFR, as well as the responsibility for supervising the process of drawing up and presenting regulated financial information.
The Audit Committee has the support of Internal Audit management in fulfilling its responsibilities and this is reflected in the charter for that management area.

F.1.2 Whether any of the following are in place, particularly with regard to the process of preparing financial information:

· Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination of these in the company:

Fluidra has internal processes that establish the authorization levels necessary to modify the organizational structure. Defining the structure and reviewing it are ultimately responsibilities of the Executive Chairman and CEO, with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of 4 directors from the Board of Directors, of whom 2 are proprietary directors and 2 are independent.
Fluidra has an internal organization chart available on the corporate intranet which covers the main business areas and ranges from the position of Executive Chairman through the CEO to the level of General Management of each business. This organization chart specifies the areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), and details the hierarchical dependencies.
For the purposes of preparing regulated financial information, the Group Accounting Manual (GAM) sets out the basic lines of responsibility existing in the process, policies, documentation necessary and timing.

· Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of operations and the preparation of financial information are specifically mentioned), body in charge of analysing breaches and proposing corrective actions and penalties:

Fluidra's commitments include focusing its efforts on ensuring that operations are carried out in an environment of ethical professional practice. This is carried out through the implementation of mechanisms aimed at preventing and detecting fraud committed by employees, or inappropriate practice that could lead to sanctions, fines or damage the Group's image, and also by reinforcing the importance of ethical values and integrity among its professionals.
Fluidra has a Code of Conduct (hereinafter Ethics Code), the first version of which was approved by the Board of Directors at a meeting held on 16th December 2008 and the latest version in September 2019.
The Ethics Code must be observed by all employees of the Group and is accessible to all employees through the corporate website, Intranet and Living Fluidra. All employees, when they join Fluidra, receive a copy of the Ethics Code which they have to sign as evidence of their agreement to comply with the internal policies of Fluidra.

The main values included in the Ethics Code are those of bringing maximum transparency to Fluidra's business, creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions and for society in general. The Ethics Code is based on the ten principles declared in the UN Global Compact and seeks to be the guide that sets out the most relevant ethic principles and behaviour to be observed in internal and external relations, including and updating all conduct that is not permitted from a legal approach.
The general ethical principles considered in the Fluidra Ethics Code are specified in terms of the ICFR (Internal Control over Financial Reporting), in values associated to professional integrity and responsibility, guidelines for action related to a greater or lesser extent to the reliability of the financial information and compliance with applicable legislation.
Updates and amendments of the Ethics Code are proposed and promoted by the Audit Committee. The modifications that have been made to the Ethics Code are indicated below:

- On 28th February 2012, the Audit Committee approved the review of the Ethics Code with the aim of incorporating modifications that reflected the evolution of the legal framework to which it is subject, especially with regard to the responsibilities of the Board of Directors and the Audit Committee.
- During 2015, Fluidra reviewed the Ethics Code again, with the aim of bringing it into line with new legislative changes, updating it once again in 2016 to the latest changes in regulations. The latest version of the Ethics Code was approved by the Audit Committee on 27th July 2016 and by the Board of Directors on 28th July 2016. This new version of the Ethics Code has been relaunched to all employees of Fluidra.

In addition to the Ethics Code, Fluidra also has other features that seek to achieve an environment of ethical professional practice.
• During 2017, the Compliance Coordination Committee was consolidated, currently made up of the corporate areas of Human Resources, Internal Audit, Legal Advising and by the Financial General Manager. As established in its Rules of application, its main functions are as follows:
- Promoting, disseminating and applying the Ethics Code throughout the Group.
- Ensuring that the criminal offence prevention and control model is developed correctly in the Group.
- Encouraging the creation of internal policies, rules and procedures.
• During 2018, work continued on developing the compliance area and no significant changes were made.
• In September 2019, the Board of Directors of Fluidra published a new Ethics Code, resulting from the merger of the two codes of conduct of the former Fluidra and the former Zodiac. Group Management prepared a compulsory online course for all employees aimed at helping them to know and understand the principles and commitments of the organization. The course consisted of three parts: an information video of the Chairman of the Group, an online course on the New Ethics Code, and finally acceptance of the Fluidra Ethics Code.

· Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities in the organization, specifying, if appropriate, whether it is confidential:

Fluidra has an internal whistleblowing channel ("Confidential Channel") through which all employees can address their queries and concerns. A communication channel has been enabled to send them: via the corporate website, intranet, Living Fluidra and an e-mail address. Fluidra also has an Ethics Committee, whose role is to deal with the queries and complaints received through the Confidential Channel. Its objective is to carry out monitoring and control of compliance with the principles established in the Ethics Code.
The Ethics Committee reports annually to the Audit Committee the breaches of the Ethics Code identified and the corrective actions and disciplinary measures proposed, if necessary. All communications between the Ethics Committee and the employees of Fluidra are totally confidential, respecting the limitations established in applicable personal data protection legislation. In this regard, all members of the Ethics Committee are authorized to know the combined information of all queries and notifications received from the group through the query and notification procedure.

· Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at least accounting policies, auditing, internal control and risk management:

With the aim of promoting training, Fluidra has the in-house school: FluidrAcademy. The aim of FluidrAcademy is to consolidate an offer of corporate training on multidisciplinary and business contents to promote the transmission of internal knowledge and interrelation between the professionals of Fluidra and on the other hand to strengthen internal training in Fluidra by offering courses on the main functional and business areas given by internal trainers whenever possible taking advantage of the knowledge of Fluidra.

For aspects related to the preparation of financial information, Fluidra invests in in training on accounting and financial skills as follows:

1.- Training received during the Annual Financial Meeting: Every year, the Group holds the Finance Meeting, a gathering at which several workshops are given related to the most critical areas for the preparation of financial information as well as possible updates in financial matters, accounting legislation and in tools that have taken place during the year. Aimed at all personnel responsible for preparing financial statements in all the group companies, it is also attended by member of the internal audit team and of Senior Management of the Group.

2.-Subsidiary Training: In addition, Fluidra's training is provided to foreign subsidiaries through visits by teams of the Division and even from Central Services, going over reporting statements, the different information needs or criteria for obsolescence and insolvency, among others. For new employees, a week-long training visit is made to central services.

Finally, as regards the audit and internal control areas, the personnel responsible for the financial and internal audit function identify the needs of their teams in terms of training and propose training courses to cover any sporadic needs that may exist.

F.2. Financial reporting risk assessment

Indicate at least the following:

F.2.1 What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

· Whether the process exists and is documented:

The process followed by Fluidra to identify risks of error in the financial information is systematic and is documented. Fluidra places special emphasis on the identification of risks of material error or fraud, by determining financial reporting control objectives for each of the risks identified. This risk identification process is carried out and documented by Financial Management of Fluidra and is supervised by the Audit Committee, with the support of Internal Audit.

· Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The process is structured so that, on a regular basis, the areas that can have a material effect on the financial statements are analysed based on a range of criteria that include quantitative and qualitative factors, identifying relevant areas/locations at transaction level, to the extent that they are affected by transactions with a material impact on the financial statements. The scope of the areas identified is reviewed by Corporate Financial Management of Fluidra and is ultimately supervised by the Audit Committee. If in the course of the year (i), circumstances not previously identified that show possible errors in the financial information or (ii), substantial changes in the operations of Fluidra come to light, Financial Management assesses the existence of the risks that should be added to the risks that have already been identified.

· The existence of a process for the identification of the consolidation perimeter, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

Through meetings with General Management of the divisions and the Legal Department, Financial Management regularly updates the corporate structure defining the consolidation perimeter for accounting and tax purposes. In addition, at least once a year the consolidation perimeter is supervised and approved by the Audit Committee. The Company has a tax policy that sets out the guidelines for the group's legal structure, seeking to attain the business goals while avoiding complex instrumental structures.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account other types of risks to the extent that they affect the financial statements.

· What governance body of the company supervises the process:

As indicated in the Board of Directors Regulations, the Audit Committee is responsible for reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

F.3. Control activities.

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorization of financial information, and description of the ICFR to be published in the securities market, indicating the persons or divisions responsible for them, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, valuations, and projections.

Fluidra has a range of procedures to validate the accounting closing and the preparation of financial information for all areas. The control activities identified and formally documented focus on activities related directly to balances and transactions that could have a material effect on the financial statements and also seek to mitigate the risk of fraud.
As regards the closing procedure and the procedure for the review and authorization of the financial information published on the market, it commences with the establishment of a detailed calendar of closing activities duly distributed over all the divisions through the GAM. Thereafter, each subsidiary reports its financial data using a standard format determined by Financial Management using the Hyperion tool. Financial Management is then responsible for the consolidation process, and prepares the Consolidated Annual Accounts, which are validated by Corporate Financial Management for subsequent presentation to and supervision by the Executive Chairman, CEO, Internal Audit, the Audit Committee and the Board of Directors.
Fluidra also has a series of procedures through which Financial Management reviews ICFR, mainly consisting of:
• Existence of an ICFR management policy that articulates the scope, responsibilities, procedure for evaluating the effectiveness of the model, supervision of the model, establishment of action plans and their follow up, and supervision by the Audit Committee.

• System for evaluating the internal control model through Self-Evaluation questionnaires: Financial Management of Fluidra, based on the process of identifying and assessing risks and controls, defines self-evaluation questionnaires which must be completed by the Divisions concerning the minimum requisites to guarantee reasonable assurance as to the reliability of the financial information. Internal Audit supervises the effectiveness of the model in accordance with the provisions of the internal audit plan.
In relation to the specific review of relevant judgements, estimates, valuations and projections, this takes place initially in the existing control activities either in the routine transactions of Fluidra, or through the control mechanisms in place in the process of preparing the financial information detailed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, there is a subsequent scale of discussion and review involving General and Financial Management of the Division, Corporate Financial Management, the CEO, the Executive Chairman, the Audit Committee and the Board of Directors, in that order, in cases of substantially relevant aspects in the preparation of financial information.
When third-party experts are involved in areas subject to judgement, estimate, valuation and projections, they discuss and present their results to Financial Management, after having applied a series of control and supervision procedures to the work carried out by these experts.
In particular, the main judgements and estimates broached during the year are those indicated in the notes to the Consolidated Annual Accounts for the year.

F.3.2 Internal control policies and procedures on information systems (including, among others, secure access, control of changes, operation of the systems, operational continuity, and segregation of duties) that provide support for the company’s relevant processes in drawing up and publishing financial information.

Fluidra uses information systems to carry out and maintain adequate recording and control of its operations. As part of the process of identifying risks of error in the financial information, Fluidra identifies, through Financial Management, the systems and applications that are relevant in preparing it. The systems and applications identified include both those directly used in preparing the financial information and the interfaces with this system, notably in relation to sales/accounts receivable and purchases/accounts payable.
The policies and procedures concerning Fluidra’s information systems cover both hardware and software security with regard to access (ensuring segregation of functions through adequate restriction of access), procedures to check the design of new systems or modifications to existing systems and continuity in their operation (or start-up of alternative systems and applications) in the event of incidents that affect their operation. These policies seek, among others, to guarantee the following aspects:
• Security of access both to data and applications.
• Control over changes in the applications.
• Correct operation of the applications.
• Availability of data and continuity of the applications
• Adequate segregation of functions

a) Secure access:
A series of measures at different levels have been defined to prevent unauthorized access both to data and to the applications.
At software, operating system and database level, the user-password combination is used as a preventive control. At data level, profiles have been defined which limit access to data and on which a segregation of functions matrix is being developed that will ensure the compatibility of the user's functions according to his/her responsibilities.
b) Control of changes:
A change management methodology has been developed and implemented which establishes the safeguards and validations necessary to limit the risk in this process. Since 2012 a new methodology called "change request" has been in use.
The main aspects featured include the following:
• Approval by the business area
• Testing prior to production
• Specific environments for development and test tasks
• Reverse procedures
• Segregation of functions as the development team does not have access to production.
c) Operation:
To ensure that operations are carried out correctly, the interfaces between the systems involved in preparing financial information are monitored. There is also an internal "Help Desk" services for end users in the event of detecting any kind of incident, query or request for training and which controls the efficiency of the operation of the information systems.
d) Availability and continuity:
At is head offices, the Company has two Data-Processing Centres (main and backup) that enable it to ensure the availability of the information system in a contingency. All of this is supported, furthermore, by a Disaster Recovery Plan with the tasks and steps to be carried out to restore the systems in such an event. This DRP is tested in real conditions once a year.
In addition, daily backups are made of the data and applications, which are kept at a secure location temporarily. To recover such data there is a specific procedure although integral tests are not carried out regularly. Partial information recovery processes are however carried out regularly.
In the head offices in the USA, data of the main applications are stored in California and replicated in real time to an alternative system in Utah. In addition, there are recovery points for the same data which are stored onsite in California for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.
In Australia, the data of the main applications are stored in Sydney, replicated and sent weekly to a secure storage centre. There are also recovery points for the same data which are stored onsite in Sydney for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.
e) Segregation of functions:
A series of profiles have been defined describing the functionalities to which a user should have access in the Information Systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

F.3.3 Internal control policies and procedures designed to supervise management of activities outsourced to third parties, as well as the aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

If a service has to be outsourced or an independent expert involved in assessments, calculations and valuations with a significant impact on the financial information, Financial Management of Fluidra leads the decision-making process.

F.4. **Information and communication.**

Indicate whether at least the following are in place and describe their main features:

F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, Financial Management is responsible for keeping the accounting policies applicable to the group up to date. In this regard, it is responsible for updating the GAM, which includes the group's accounting policies and chart of accounts, as well as an analysis of any regulatory and accounting changes that could have an impact on the financial information of Fluidra.
The GAM is updated periodically, or when a significant new development so requires, and was last updated in May 2019. The updates review both accounting policies based on changes in applicable EU-IFRS and the group's accounting structure, ensuring traceability between individual charts of accounts of the group subsidiaries and the Fluidra chart of accounts which is used as the basis for drawing up the different reporting packages to be provided to external bodies. Changes and updates to the GAM are communicated to all responsible financial personnel by e-mail. The last update of the GAM is always available on the group's intranet under the heading "policies and procedures".
Financial Management is also responsible for clearing up any doubts about the accounting treatment of certain transactions raised by the personnel responsible for preparing the financial information of Fluidra.
To add greater convenience and efficiency to the responsibility of keeping the GAM up-to-date, and to identify any incidents and weaknesses that have to be remedied, there is a working group on accounting procedures, made up of a member of Corporate Financial Management, the Internal Audit Manager and the person responsible for updating the GAM, the aim of which is to update the GAM based on the incidents detected by internal audit in the course of its duties, which are not contemplated in the Group's current policies. This working group meets once a quarter and records minutes of the meetings.

F.4.2 Mechanisms to capture and prepare financial information using standardized formats, to be applied and used by all units of the company or group, supporting the main financial statements and the notes, as well as the information provided on ICFR.

All the companies that form part of the Consolidated Group at the end of 2019 use a single standardized reporting format. Most of them (approximately 60% of turnover), have the same Corporate System for accounting in terms of capture and preparation of financial information. For the remaining 40%, which have not implemented that Information System at present, Fluidra ensures that standardized formats are used in preparing the financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all the subsidiaries covers the composition of the main Financial Statements and the notes. The Financial Management department of Fluidra is responsible for obtaining data from all the subsidiaries, and with this information makes the necessary consolidation adjustments to obtain the consolidated figures and complements the financial information with the reserved notes to Consolidated Financial Statements.
In 2013, new reporting and consolidation software was implemented and has been fully active since 2015.
To ensure the reliability of the information reported by the subsidiaries, they must report a range of data to allow an analysis of variations in asset and liability items and results obtained with respect to the monthly budget and the previous year, in which the various balance sheet and income statement items are interrelated, permitting greater knowledge in detail of the operations reported at local level.
The Company has also implemented ICFR management software through which twice a year the subsidiaries included in the scope complete self-evaluation questionnaires on control and submit evidence of key controls. These questionnaires are suitably supervised by the responsible financial personnel of the corresponding division, creating action plans if considered necessary. Internal audit carries out supervision of the effectiveness of the controls twice a year, in accordance with the annual audit plan, reporting the results to the Audit Committee.

F.5. **Supervision of operation of the system.**

Indicate and describe the main features of at least the following:

F.5.1. The ICFR supervision activities carried out by the audit committee as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFRS. Information is also to be provided concerning the scope of the evaluation of ICFR performed during the year and on the procedure whereby the person or division charged with performing the evaluation reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on the financial information has been considered.

The duties of the Audit Committee in relation to the supervision of ICFR are established in article 13 of the Board of Directors Regulations and, among others, are focused on:

• Supervising the efficiency of the Company's internal control, especially Internal Control on Financial Reporting, internal audit, as the case may be, and the risk management systems, and discussing with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• Supervising the process of drawing up and presenting regulated financial information.
• Reviewing the Company's accounts, ensuring compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• In relation to the information systems and internal control:
- Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
- Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.
- Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
- Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.
Internal Audit Management is located within the Group's organization structure, and depends on the Audit Committee, so that its independence is guaranteed as well as the performance of the assigned functions. All the actions carried out by Internal Audit Management that require approval are approved by the Board of Directors at the proposal of the Audit Committee.
Internal Audit prepares and presents an Annual Internal Audit Plan which is reviewed and approved by the Audit Committee. In 2019, Internal Audit met with the Audit Committee in the months of February, March, May, July, October, November and December to present the results and evolution of its work. At these meetings, Internal Audit reported the weaknesses identified in the design of the internal control model, proposed the corresponding action plans and the dates of implementation of these plans. In turn, Internal Audit supervises the correct implementation of corrective actions.
In the months of May, June, October and December 2019, the Audit Committee, through Internal Audit Management, has supervised the correct review of the effectiveness of the controls conducted by Financial Management. A small number of weaknesses were detected, corresponding to the Australian subsidiary, which have been duly corrected. The weaknesses detected are reported to the heads of the Divisions and the corresponding action plans are designed, with a follow-up of their implementation.

F.5.2 Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether there is an action plan to attempt to correct or mitigate the weaknesses found.

The Audit Committee meets at least four times a year, with the aim of obtaining and analysing the necessary information to fulfil the tasks with which it has been entrusted by the Board of Directors.
Special attention is given to the review of the company's quarterly financial information, which is presented by General Financial Management. In order to carry out this process, the Audit Committee is assisted by Internal Audit, General Financial Management (responsible for preparing the financial information) and the Auditor, with the aim of ensuring the correct application of ruling accounting policies and the reliability of the financial information, and in order to be able to report any significant control weaknesses identified, if there are any, and the corresponding action plans.

Prior to the reports issued by the Audit Committee, Internal Audit Management discusses the results of its work with local management, Financial Management and Corporate General Management, thus ensuring fluid and efficient communication among all parties.
In relation to the External Auditors, they present annually the scope, timing and areas of emphasis of their audit work on the annual accounts, in accordance with the applicable auditing standards. They also meet with the Audit Committee to present the conclusions of their work and areas for improvements. The weaknesses reported are communicated to Internal Audit for inclusion in the implementation plan. It should be noted that the External Auditors have stated that no significant internal control weaknesses have come to light during the audit performed in 2019.

F.6. Other relevant information.

F.7. External audit report.

Report on:

F.7.1 Whether the information on ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, the reasons for this should be provided.

Fluidra has submitted the information on ICFR sent to the markets for 2019 to be reviewed by the External Auditor. The favourable report issued by the External Auditor is attached as an appendix to this document.

G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, a detailed explanation of the reasons must be given, providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalized explanations will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies [X] Explain [ ]

2. When a parent and subsidiary company are both listed, they should provide detailed disclosure on:

a) The business activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

3. During the ordinary general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous ordinary general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative rules followed instead.

Complies [X] Complies partially [ ] Explain [ ]

4. The company should draw up and promote a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those charged with its implementation.

Complies [X] Complies partially [ ] Explain [ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without a preferential subscription right for an amount exceeding 20% of capital at the time of such delegation.

When the board approves any issue of shares or convertible securities without preferential subscription rights, the company should immediately post on its website the reports explaining the exclusion referred to in mercantile legislation.

Complies [X]   Complies partially [ ]   Explain [ ]

6. Listed companies that draw up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the ordinary general meeting, even if their distribution is not mandatory:

a) Report on auditor's independence.

b) Reports on the activities of the audit committee and the appointments and remuneration committee.

c) Report of the audit committee on related-party transactions.

d) Report on the corporate social responsibility policy.

Complies [ ]   Complies partially [X]   Explain [ ]

The Company annually prepares an annual report on the activities of the Audit Committee and an annual report on the activities of the Appointments and Compensations Committee. It also prepares annually a report on the independence of the auditor. Finally, the Company issues an integrated report as well as the non-financial report required by Law 11/2018 that contains aspects related to corporate social responsibility. These reports are published on the Company's website well in advance of the ordinary general meeting of shareholders.

7. The company should broadcast its general shareholders meetings live on the corporate website.

Complies [ ]   Explain [X]

To date the Company has not broadcast general shareholders' meetings live on its website, although if requests to do so were received from shareholders, the Company would study this possibility and would make every effort to implement this measure.

8. The audit committee should strive to ensure that the board of directors presents the company's accounts to the general shareholders' meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of the content and scope of such limitations or qualifications.

Complies [X]   Complies partially [ ]   Explain [ ]

9. The company should publish the requisites and procedures it will accept as evidence of ownership of shares, the right to attend general meetings and the exercise or delegation of voting rights permanently on its website.

Such requisites and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [X]   Complies partially [ ]   Explain [ ]

10. When a shareholder entitled to do so exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate these supplementary items and new proposals for resolutions.

b) Publish the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or inferences about the way of voting.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

11. In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the attainment of a profitable business that is sustainable in the long term, promoting its continuity and maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practice, but also strive to reconcile the company's interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the environment.

Complies [X] Complies partially [ ] Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies [X] Explain [ ]

14. The board of directors should approve a director selection policy that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of the board's needs should be reflected in the appointments committee's report, to be published when the general meeting is convened that is to resolve on the ratification, appointment or re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by female directors by the year 2020.

The appointments committee should perform an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies [ ] Complies partially [X] Explain [ ]

The Appointments and Remuneration Committee oversees selection procedures to ensure they do not suffer from implicit bias that could lead to discrimination on account of age, gender, or training, ensuring that the proposals for appointments to cover vacancies or for the re-election of directors are based on a prior evaluation of the profiles that the directors should have to ensure that the directors' professional profiles are complementary, leading to greater integration and better operation of the Board.
The Company is working with the object of increasing the presence of women on the Board of Directors, by promoting the goal of encouraging a policy whereby women fill any vacancies arising on the Board of Directors, provided that they meet the characteristics of the profile being sought. In this regard, in 2019 one of the new directors is a woman, as described in sections C.1.5, C.1.6 and C.1.7. The selection processes do not only take into gender diversity, which is a priority, but also the other characteristics of the sought profile for the candidate such as knowledge, experience and professionalism, with a view to appointing the best possible candidate.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, and the number of executive directors should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage shareholding of the executive directors in the company's capital.

Complies [X] Complies partially [ ] Explain [ ]

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the capital of the company represented by such directors and the remainder of the company's capital.

This criterion can be relaxed:

a) In large cap companies where few or no shareholdings attain the legal threshold to be regarded as significant.

b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [X]   Explain [ ]

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of board places.

Complies [X]   Explain [ ]

Independent directors represent 33% of the total board members. It should be borne in mind that Piscine Luxembourg Holdings 1, S.a.r.l is the owner of a shareholding that represents 38.42% of the Company's share capital and there is a concerted action that represents 25% of the Company's share capital.

18. Companies should disclose the following information about their directors on their websites and keep it regularly updated:

a) Background and professional experience.

b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.

c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.

d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on such shares.

Complies [X]   Complies partially [ ]   Explain [ ]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary shareholders should be reduced accordingly.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

21. The board of directors should not propose the removal of independent directors before the expiry of their term of office established in the Articles of Association, except when there is due cause, found to exist by the board of directors following a report of the appointments committee. In particular, due cause will be deemed to exist when directors take up new posts or responsibilities that prevent them allocating sufficient time to their duties as a board member, or are in breach of the inherent duties of their post or come under one of the disqualifying grounds for classification as independent director enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies [X] Explain [ ]

22. Companies should establish rules obliging directors to disclose any circumstance that might be damaging to the company's credit and reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

As soon as a director is indicted or tried for any of the offences stated in legislation on companies, the board of directors should examine the case as soon as possible and, in light of the particular circumstances, decide whether or not he or she should remain in office. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [X] Complies partially [ ] Explain [ ]

23. All directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent directors and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

24. Directors who cease to hold their post before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a relevant event, the motivating factors should be explained in the annual corporate governance report.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve:

Complies [ ] Complies partially [X] Explain [ ]

The Board Regulations establish that the Appointments and Remuneration Committee is responsible for assessing the necessary competence, knowledge and experience of the Board, defining the duties and necessary aptitudes in the candidates who are to fill each vacancy, evaluating the time and dedication required so that they can discharge their responsibilities effectively.
Although the Board Regulations do not establish the maximum number of Boards on which its directors may service, this information is taken into account in evaluating the suitability of candidates in the process for the appointment and re-election of directors in order to evaluate the time and dedication available to them to discharge their duties as directors effectively.

26. The board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [X] Complies partially [ ] Explain [ ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate another director to represent them and issue appropriate instructions.

Complies [X] Complies partially [ ] Explain [ ]

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

29. The company should establish suitable channels for directors to obtain the advice they need to carry out their duties including, if necessary, external advising at the company's expense.

Complies [X] Complies partially [ ] Explain [ ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies [ ] Explain [X] Not applicable [ ]

Although training sessions are provided on matters of interest, no training plan has been formalized.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather the material they need.

When, exceptionally, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the agenda, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies [X] Complies partially [ ] Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies [X] Complies partially [ ] Explain [ ]

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies [X]   Complies partially [ ]   Explain [ ]

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice-chairs, if any; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

35. The secretary of the board should make special efforts to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code that are applicable to the company.

Complies [X]   Explain [ ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:

a) The quality and efficiency of the board's operation.

b) The operation and composition of its committees.

c) The diversity in the composition and competences of the board.

d) The performance of the chairman of the board of directors and the company's chief executive.

e) The performance and contribution of each individual director, with particular attention to the chairs of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company in its group has with the company or with any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be described in the annual corporate governance report.

Complies [X]   Complies partially [ ]   Explain [ ]

37. Where there is an executive committee, the participation structure of the different categories of directors should be similar to that of the board. The secretary of the board should also act as secretary to the executive committee.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the executive committee's minutes.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

39. The members of the audit committee, particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and risk management matters. A majority of the members of this committee should be independent directors.

Complies [X]   Complies partially [ ]   Explain [ ]

40. Under the supervision of the audit committee, there should be a unit in charge of the internal audit function to oversee proper operation of reporting and internal control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies [X] Complies partially [ ] Explain [ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit a report on its activities at the end of each year.

Complies [X] Complies partially [ ] Explain [ ] Not applicable [ ]

42. In addition to the functions established by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

a) Supervise the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.

b) Ensure the independence of the unit that undertakes the internal audit function; propose the selection, appointment, re-election and removal of the person responsible for the internal audit service; propose the budget for the service; approve the approach and its work plans, ensuring that its activity is focused mainly on the relevant risks of the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2. In relation to the external auditor:

a) Investigate the circumstances giving rise to the resignation of the external auditor, should this come about.

b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.

c) Ensure that the company notifies any change of external auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

Complies [X] Complies partially [ ] Explain [ ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.

Complies [X] Complies partially [ ] Explain [ ]

44. The audit committee should be informed of any structural and corporate modification operations the company is planning, so the committee can analyse and report to the board beforehand on their economic conditions and accounting impact, especially, when applicable, on the proposed swap ratio.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

45. The risk management and control policy should identify at least:

a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.

b) The determination of the risk level the company sees as acceptable.

c) The measures devised to mitigate the impact of the risks identified, should they materialize.

d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies [X]   Complies partially [ ]   Explain [ ]

46. Companies should establish an internal risk control and management function to be exercised by one of the company's internal department or units, under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

a) Ensure that risk control and management systems are functioning correctly and, specifically, that all the significant risks the company is exposed to are adequately identified, managed and quantified.

b) Participate actively in the preparation of risk strategies and in key decisions about their management.

c) Ensure that risk control and management systems are mitigating risks adequately in the context of the policy defined by the board of directors.

Complies [ ]   Complies partially [X]   Explain [ ]

This is done by Internal Audit

47. Members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have adequate knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [ ]   Complies partially [X]   Explain [ ]

The members of the Appointments and Remuneration Committee have been appointed taking into account their knowledge, skills and experience as well as the mission of the Committee. At present, as regulated in the Board Regulations, the Committee is made up of four non-executive directors, two of which are independent. The Chairman of the Committee, as regulated in the Committee Regulations, is an independent director.

48. Large cap companies should have separate appointments and remuneration committees.

Complies [ ] Explain [ ] Not applicable [X]

49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director should be able to approach the appointments committee to propose candidates that it might consider suitable.

Complies [X] Complies partially [ ] Explain [ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior management contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verify the information on director and senior manager remuneration contained in corporate documents, including the annual report on directors' remuneration.

Complies [X] Complies partially [ ] Explain [ ]

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

Complies [X] Complies partially [ ] Explain [ ]

52. The rules on the composition and operation of the supervisory and control committees should be set out in the board of directors regulations and should be consistent with the rules applicable to legally mandatory committees in accordance with the above recommendations, including the following rules:

a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.

b) They should be chaired by independent directors.

c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of the directors and each committee's terms of reference; discuss their proposals and reports; and report back on their activities and work at the first full board meeting following each committee meeting.

d) The committees may engage external advice, when they feel it necessary for the discharge of their functions.

e) Minutes of their meetings should be drawn up and made available to all board members.

Complies [ ] Complies partially [ ] Explain [ ] Not applicable [X]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility policy should be assigned to one board committee or split between several committees, which could be the audit committee, the appointments committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:

a) Oversee compliance with the company's internal codes of conduct and corporate governance rules.

b) Oversee the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders.

c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of the other stakeholders.

d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.

e) Monitor corporate social responsibility strategy and practice and assess the degree of compliance.

f) Oversee and evaluate processes in relation to the different stakeholders.

g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.

h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [X] Complies partially [ ] Explain [ ]

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

a) The goals of its corporate social responsibility policy and the support instruments to be developed.

b) The corporate strategy with regard to sustainability, the environment and social issues.

c) Concrete practices in matters relating to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.

d) The methods or systems for monitoring the results of the application of the practices referred to above, identifying and managing related risks.

e) The mechanisms for supervising non-financial risk, ethics and business conduct.

f) Channels for stakeholder communication, participation and dialogue.

g) Responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Complies [X] Complies partially [ ] Explain [ ]

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [X] Complies partially [ ] Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independent judgement of non- executive directors.

Complies [X] Explain [ ]

57. Variable remuneration linked to the company's performance and the director's personal performance, and remuneration in the form of awarding shares, options or rights on shares or instruments linked to the share price and long-term savings schemes such as pension plans, retirement systems or other benefits should be confined to executive directors.

Share-based remuneration of non-executive directors may be considered when it is subject to the condition that the shares must be kept until the end of their term of office. This condition, however, will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [X] Complies partially [ ] Explain [ ]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other similar circumstances.

In particular, variable remuneration components should meet the following conditions:

a) They should be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given outcome.

b) They should promote the sustainability of the company and include non-financial criteria that are relevant for the creation of value in the long term, such as compliance with the company's internal rules and procedures and its risk management and control policies.

c) They should be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce the amount of such earnings.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments the value of which is linked to the share price.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

62. Once shares or options or rights on shares have been awarded as part of share-based remuneration, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment was not in line with the director's actual performance or based on data subsequently found to be inaccurate.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

64. Severance payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director has met the predetermined performance criteria.

Complies [X]   Complies partially [ ]   Explain [ ]   Not applicable [ ]

H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance in the company or entities of the group that have not been included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices in the entity or its group, briefly describe them.

2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

   Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practice. If so, identify the code in question and the date of adherence thereto. In particular, mention whether the company has signed up to the Code of Good Tax Practice, of 20th July 2010:

*Section A.12.
The consolidated text of the Agreement on Syndication of votes and shares formalized on 3rd November 2017 establishes that none of the Syndicated Shareholders (as defined in the agreement) may sell, transfer, assign, convey or otherwise dispose of or encumber titles to the Syndicated Shares (25% of the share capital) and/or ownership of the inherent voting or economic rights associated to the shares throughout the syndication period, i.e. the period running from the date on which the shares of Fluidra are admitted for trading (31st October 2007) and the first of the following dates: (i) the date on which three (3) years have elapsed since the date of registration of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à.r.l. (transferor) in the Mercantile Registry of Barcelona, (ii) the date on which three (3) months have elapsed since the date of termination of the shareholders' agreement formalized on 3rd November 2017 between certain shareholders of Fluidra, S.A. (the "Current Shareholders") and Piscine Luxembourg Holdings 1, S.à.r.l.,. (company controlled by Rhône Capital LLC) (the "SHA") or (iii) the date on which the obligation may arise to submit a take-over bid for all the securities of Fluidra, in accordance with the provisions of Royal Decree 1066/2007, of 27th July, on the regime of takeover bids, as a result of the decisions to invest in shares in Fluidra by a shareholder or shareholders, exercising their rights under the SHA. The Agreement also establishes the mechanism for syndicating the votes associated to the Syndicated Shares.
In turn, the SHA establishes a general lock-up term of 36 months and a series of rules and commitments, including a pre-emption right, for transfers after the aforesaid term of 36 months. Notwithstanding the above, on 26th June 2019 Piscine Luxembourg Holdings 1, S.A.R.L. carried out a private placement, having received prior authorization from the Current Shareholders, through the accelerated placement addressed exclusively to eligible investors of 7,850,000 shares representing approximately 4% of the Company's share capital. Following the accelerated placement, Piscine Luxembourg Holdings 1, S.A.R.L. holds 75,150,000 shares in the Company, representing approximately 38.4% of the Company.

*Section C.2.1.
Name of committee
APPOINTMENTS AND REMUNERATION COMMITTEE
Description
The Committee will be made up of 4 non-executive directors, at least two of whom must be independent directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly.
The members will be appointed taking into account their knowledge, skills and experience as well as the tasks entrusted to the Committee. Any director may ask the Committee to take potential candidates into consideration to cover vacancies, to decide if they are considered suitable.
The Chairman shall necessarily be an independent director, elected among the independent directors who form part of the Committee.
Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Appointments and Remuneration Committee has the following basic responsibilities according to the internal regulations:
• To draw up and review the criteria to be followed for the composition of the management team of the Company and its subsidiaries and for the selection of candidates.
• To evaluate the skills, knowledge and experience necessary in the Board and, consequently, define the necessary duties and skills of candidates who are to fill each vacancy, and evaluate the time and dedication required so that they can discharge their duties.

• Report and submit to the Board of Directors the proposals for the appointment and removal of senior managers and managers proposed by the chief executive, and the basic conditions of their contracts.
• Report to the Board on matters of gender diversity and qualifications of directors, as established in article 6.2 of the Board Regulations.
• It will propose to the Board of Directors: (i) the remuneration policy for directors and general managers or whoever carries out senior management tasks directly accountable to the Board, the Executive Committee or CEO; (ii) the individual remuneration of executive directors and other conditions of their contracts; (iii) the policies for hiring senior managers of the Company and the basic conditions of their contracts.
• To examine and organize, in the manner considered appropriate, the succession of the Chairman and the chief executive and, as the case may be, make proposals to the Board, so that this succession takes place in an orderly and well-planned manner.
• To ensure that the remuneration policy established by the Company is respected and that remuneration is transparent.
• To establish a goal for representation of the least-represented sex on the Board of Directors and to draw up guidelines as to how to reach this goal.
• To submit to the Board of Directors the proposals for the appointment of independent directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders Meeting.
• To report on proposals for the appointment of the remaining directors to be appointed by co-optation or to be submitted to the decision of the General Shareholders' Meeting, as well as proposal for their re-election or removal by the General Shareholders' Meeting.
The Appointments and Remuneration Committee will meet, ordinarily, every quarter. It will also meet every time a meeting is convened by its Chairman, who must do so whenever the Board or the Chairman of the Board asks for a report or for proposals to be accepted and, in any case, whenever appropriate for the proper discharge of its duties. Notice convening ordinary meetings of the Appointments and Remuneration Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Appointments and Remuneration Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.
The resolutions of meetings of the Appointments and Remuneration Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman does not have a casting vote. For the better fulfilment of its duties, the Appointments and Remuneration Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties. The Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Appointments and Remuneration Committee and which will be available to the members of the Board of Directors. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Committee must consult the Chairman and chief executive of the Company, especially with regard to matters concerning the executive directors and senior managers. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.
Name of committee
AUDIT COMMITTEE
Description
The Committee will be made up of 5 directors, who will be exclusively non-executive directors, who will be appointed by the Board of Directors, notwithstanding that executive directors or senior managers may attend meetings when the members of the Committee so agree expressly. At least three of the members of the Committee will be independent directors and one of them will be appointed taking into account his/her knowledge, skills and experience in the field of accounting, auditing or both. The members of the Audit Committee, especially the Chairman, will be appointed taking into account their knowledge, skills and experience in the field of accounting, auditing or risk management as well as their knowledge, skills and experience with regard to the other tasks entrusted to the Committee. The Chairman of the Audit Committee will be appointed out of the independent directors who form part of it, and must be replaced every four years. The Chairman may be re-elected after one year has elapsed since the date of stepping down from the post. The person designated out of the Committee's members shall act as Secretary and may be a director or someone who is not a director. Notwithstanding any other functions that may be assigned by law, the Articles of Association or the Board of Directors, the Audit Committee shall have the following basic functions:
• To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
• To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
• To supervise the efficiency of the Company's internal control, especially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, including the management of tax risks, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
• To supervise the process of drawing up and presenting regulated financial information.
• To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
• To handle and oversee relations with the external auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.
• To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
• To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.

• To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
• To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.
The Audit Committee is also responsible for the following:
1) In relation to internal control and reporting systems:
(a) Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
(b) Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.
(c) Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
(d) Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

2) In relation to the external auditor or audit firm:
(a) Submitting proposals to the Board of Directors for the selection, appointment, re-election and replacement of the external auditor or audit firm, and their contract conditions
(b) Receiving regular information from the external auditor or audit firm on the audit plan and the results of the audit and verifying that senior management takes into account their recommendations;
(c) Ensuring the independence of the external auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal provisions in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the external auditor or audit firm the circumstances causing it be examined. The Audit Committee must receive each year from the external auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided and the fees received from such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on auditing. The Audit Committee must also issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services, other than statutory audit, as referred to above, individually considered and in aggregate, and in relation to the regime of independence or in accordance with legislation regulating auditing.
(d) In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.
3) In relation to risk management and the risk policy:
(a) Identifying the different types of risks (operational, technological, financial, legal, reputational) the company is exposed to, including contingent liabilities and other off-balance-sheet risks as financial or economic risks.
b) Identifying the risk level the Company considers acceptable.
c) Identifying the measures devised to mitigate the impact of the risks identified, should they materialize.
d) Identifying the internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.
4) In relation to the obligations of listed companies:
Reporting to the Board of Directors, before it adopts the corresponding decisions, on all the matters established by law, the Articles of Association and in the Board of Directors Regulations, in particular, on:
(a) The financial information which the Company is required to publish on a regular basis in its capacity as a listed company. The Audit Committee must ensure that the interim accounts are drawn up using the same accounting policies as the annual accounts and, to that end, must consider whether it is appropriate for the external auditor or audit firm to carry out a limited review.
(b) The creation or acquisition of shares in special-purpose entities or entities that are domiciled in countries or territories considered to be tax havens, and any other transactions or operations of a similar nature which, in light of their complexity, may undermine the group's transparency.
(c) Related-party transactions.
(d) Transactions that entail or could entail a conflict of interest.
The Audit Committee will not exercise the functions described in sections (a), (b) and (c) above when these functions have been attributed in the Company's Articles of Association to another supervisory or control committee, in accordance with the provisions of the law.
The Audit Committee will meet, ordinarily, every quarter in order to review the periodic financial information that has to be sent to the Stock Exchange authorities as well as the information that the Board of Directors has to approve and include within its annual public documentation. It will also meet at the request of any of its members and whenever a meeting is convened by its Chairman, who must do so whenever the Board or the Chairman of the Board asks for a report to be issued or for proposals to be adopted and, in any case, whenever advisable for the proper discharge of its duties.
Notice convening ordinary meetings of the Audit Committee will be sent by registered letter, fax, telegram or e-mail, and will be authorized with the signature of the Chairman of the Committee or, as the case may be, the signature of the Secretary of the Committee by order of the Chairman. Notice will be sent at least five days in advance and must include the agenda for the meeting. The Chairman of the Committee may convene extraordinary meetings of the Committee when, in his opinion, the circumstances so require, and in this case the term of prior notice indicated above shall not apply. Furthermore, meetings of the Audit Committee will be deemed valid without the need for prior notice if all the members are present and represented and agree unanimously to hold the meeting.

The resolutions of meetings of the Audit Committee held by videoconference, multiple conference call or other remote communication techniques will be valid provided that none of the members of the Committee objects to this procedure, they have the necessary means to hold the meeting in this way and can recognize each other. This must be expressly stated in the minutes of the Committee meeting. In this case, a single meeting of the Committee will be deemed to have been held at the Company's registered office. The meetings of the Committee will be quorate when at least a majority of its members are present in person or represented. Resolutions will be adopted by majority of the members in attendance (present in person or represented) at the meeting. In the event of a tie, the Chairman shall not have a casting vote. The Audit Committee may meet with any member of the management team or any employee of the Company and may even order their appearance without the presence of any other senior manager. Such persons will be bound to attend the meetings of the Audit Committee and provide their collaboration and access to any information in their possession. The Committee may also require that the auditors attend its meetings. For the better fulfilment of its duties, the Audit Committee may obtain advising from external experts when considered necessary for the adequate discharge of its duties.

The Company has an internal audit function which, under the supervision of the Audit Committee, ensures the proper operation of the internal control and reporting systems. The person responsible for the internal audit functions must submit the annual work plan to the Audit Committee, and must also report directly to the Committee any incidents arising in the course of such work and must submit a report on its activities to the Committee at the end of each year. The Audit Committee must report on its activity and give an account of the work carried out at the first full meeting of the Board of Directors held after its meetings. The Committee must also draw up minutes of its meetings, a copy of which will be sent to all the members of the Audit Committee and which will be available to the members of the Board of Directors. The Audit Committee will draw up an annual report on its operation, highlighting the main incidents arising, if any, in relation to its inherent functions. Furthermore, when the Audit Committee considers it appropriate, it will include proposals in that report for the improvement of the Company's governance rules. The report of the Audit Committee will be attached to the Company's annual corporate governance report and will be made available to shareholders and investors through the website. Meetings will be held in English with simultaneous translation into Spanish, unless all the directors present at the meeting can speak fluent Spanish, in which case the meeting will be held in Spanish. The Board of Directors will deliberate on the proposals and reports that the Committee submits to it.

* Section D.6.
In accordance with the provisions of the Board of Directors Regulation, a Board member must inform the Board of Directors of the existence of any conflicts of interest and refrain from attending and intervening in the deliberations that affect matters in which that member is subject to a conflict of interest. A conflict of interest of the Board member is also considered to exist when the matter affects any of the following persons: the spouse or person with a similar relationship; ascendants, descendants and siblings and the respective spouses or persons with a similar relationship; ascendants, descendants and siblings of the spouse or person with a similar relationship; and concerted persons and companies or entities on which any of the persons enumerated above may exercise a significant influence. If the Board member is a legal person, the following shall be deemed to be related persons; members who, in relation to the legal person that is a director, are in any of the situations contemplated in the first paragraph of article 42 of the Code of Commerce, Board members, de facto or in law, liquidators and attorneys-in-fact with general powers of the legal person that is a Board member, companies that form part of the same group, and their members and persons who are deemed to be related parties of the representative or director that is a legal person. Board members may not use the Company's name or cite their status as Board members in order to carry out operations on their own account or on the account of persons related to them. Board members may not carry out, directly or indirectly, professional or commercial transactions with the Company unless they notify the Board in advance of the situation of conflict of interest and the Board approves the transaction. In the case of transactions carried out in the ordinary course of the business activity and which are of a habitual or recurring nature, a generic authorization from the Board of Directors will suffice. Board members must report any direct or indirect stake that they or their related persons hold in the capital of a company with the same, a similar or complementary kind of activity to that which constitutes the corporate object. Furthermore, Board members may not engage, on their own account or on the account of another, in the same, a similar or complementary kind of activity to that which constitutes the corporate object and may not hold the post of Board member or executive in companies that are competitors of the Company, except for any posts they may hold, as the case may be, in group companies, unless they obtain the express authorization of the General Meeting, and notwithstanding the provisions of the Companies Act.
Situations of conflict of interest of the Board members will be disclosed in the annual report. Furthermore, article 2 of the Internal Rules of Conduct on the Securities Market includes within its scope of application (i) Board members, (ii) the secretary, (iii) the vice-secretary of the Board of Directors of the Company, (iv) the Manager of Legal Advising, (v) senior executives, designated executives and employees of both the Company and its subsidiaries, who carry out their work in areas related to securities markets or who habitually have access to privileged information related, directly or indirectly, to the Company and its subsidiaries, (vi) the Initiated, (vii) personnel belonging to the Stock Exchange services of the companies of the Fluidra Group and (viii) the persons expressly designated by Legal Advising at the proposal of the Regulatory Compliance body. In accordance with article 10 of the Internal Rules of Conduct, the following is established in relation to conflicts of interest: Subject Persons in a situation of conflict of interest must observe the following general principles of conduct:
Independence: Subject Persons must act at all times with freedom of judgement, with loyalty to the Company and its shareholders and independently of their own interests or those of any other party. Consequently, they will refrain from favouring their own interests to the expense of the Company's interests. Abstention: They must refrain from acting or influencing decision-making that could affect the persons or entities with which there is a conflict and from accessing Confidential Information affecting such a conflict. Communication: Subject Persons must inform the Company's Manager of Legal Advising of any possible conflicts of interest in which they may find themselves.
A conflict of interest is considered to be any situation in which the Company's interests or those of any of the companies of its group clash with the personal interest of the Subject Person. A personal interest of the Subject Person will exist when the matter affects him/her or persons related to him/her. Finally, in accordance with the provisions of article 35 of the Board Regulations, the execution by the Company of any transaction with Board members and with significant shareholders or with shareholders who are represented on the Board or with persons related to them will be submitted to the Board of Directors for authorization, subject to the prior favourable report of the Audit Committee.

However, the Board's authorization will not be deemed necessary in related-party operations that comply simultaneously with the following three conditions: (i) they are carried out by virtue of contracts with standard terms and conditions applicable en masse to a large number of customers; (ii) they are carried out at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed 1% of the Company's annual revenues.
Board members affected by one of such transactions will not exercise or delegate their vote and will leave the room during the Board meeting while the Board is deliberating on the matter, and will be subtracted from the number of members of the Board for the purposes of determining quorum and majorities in relation to the matter in question.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on:

25/03/2020

State whether any directors voted against or abstained in relation to the approval of this Report.

[ ] Yes
[√] No

FLUIDRA, S.A.

Individual Annual Accounts

2019

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails)

On 25 March 2020, the Board of Directors of Fluidra, S.A. prepared for issue the annual accounts in accordance with the General Chart of Accounts approved by Royal Decree 1514/2007, which comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in equity, the cash flow statement, the notes to the annual accounts and the directors' report for the year ended 31 December 2019. In witness whereof, they are hereby signed on this sheet, by all the members of the Board of Directors, as well as by the non-board member secretary of the Board, Mr. Albert Collado Armengol, on each of the sheets composing the aforementioned documents for identification purposes.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

Piumoc Inversions, S.L.U.
Mr. Bernat Garrigós Castro

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sebastien Simon Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

STATEMENT OF RESPONSIBILITY FOR THE CONTENT OF THE FLUIDRA, S.A. ANNUAL FINANCIAL REPORT FOR THE 2019 FINANCIAL YEAR

The undersigned, all company board members, declare that, to the best of their knowledge, the individual and consolidated annual financial statements for the 2019 financial year, drafted at the meeting on 25 March 2020 and prepared according to applicable accounting principles, give a fair review of the assets, financial position and results of Fluidra S.A. and of the companies included in the consolidation taken as a whole and that the management reports approved with them include an accurate analysis of the development and performance of the business and the position of Fluidra S.A. and the companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

In Sabadell, 25 March 2020

Mr. Eloy Planes Corts	Mr. Bruce Walker Brooks
Ms. Esther Berrozpe Galindo	Mr. Jorge Valentín Constans Fernández
Mr. Bernardo Corbera Serra	Mr. Piumoc Inversions, S.L.U. Mr. Bernat Garrigós Castro
Mr. Michael Steven Langman	Mr. Gabriel López Escobar
Mr. Sebastien Simon Mazella Di Bosco	Mr. Brian McDonald
Mr. Oscar Serra Duffo	Mr. José Manuel Vargas Gómez