FLUIDRA

FLUIDRA, S.A.
AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

31 December 2021

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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

31 December 2021 and 2020

(Expressed in thousands of euros)

- **Consolidated financial statements**

- **Notes**

- **Appendices**

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

31 December 2021 and 2020

(Expressed in thousands of euros)

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

Assets	Notes	31/12/2021	31/12/2020
Property, plant, and equipment	6	160,673	117,941
Investment property	7	2,139	2,940
Goodwill	8	1,316,466	1,075,483
Other intangible assets	8	899,726	641,717
Right-of-use assets	9	151,599	101,714
Investments accounted for using the equity method	10	735	28
Non-current financial assets	11	4,452	4,384
Other receivables	15	3,770	3,680
Deferred tax assets	29	111,080	90,389
Total non-current assets		2,650,640	2,038,276
Non-current assets held for sale	13	4,934	-
Inventories	14	494,014	281,838
Trade and other receivables	15	256,651	249,341
Other current financial assets	11	10,794	10,867
Derivative financial instruments	12	491	10
Cash and cash equivalents		87,808	225,631
Total current assets		854,692	767,687
TOTAL ASSETS		3,505,332	2,805,963
Equity			
Share capital		195,629	195,629
Share premium		1,148,591	1,148,591
Retained earnings and other reserves		435,971	227,648
Interim dividend		-	(40,752)
Treasury shares		(168,491)	(35,841)
Other comprehensive income		2,384	(73,969)
Equity attributable to equity holders of the parent	16	1,614,084	1,421,306
Non-controlling interests		8,349	6,734
Total equity		1,622,433	1,428,040
Liabilities			
Bank borrowings and other marketable securities	19	696,041	671,102
Lease liabilities		136,526	91,694
Derivative financial instruments	12	7,191	15,987
Deferred tax liabilities	29	221,938	165,365
Provisions	18	13,034	13,636
Government grants		217	241
Other non-current liabilities	21	9,918	18,602
Total non-current liabilities		1,084,865	976,627
Liabilities linked to non-current assets held for sale	13	1,686	-
Bank borrowings and other marketable securities	19	301,957	20,013
Lease liabilities		31,141	22,454
Trade and other payables	20	412,239	319,696
Provisions	18	50,830	37,602
Derivative financial instruments	12	181	1,531
Total current liabilities		798,034	401,296
Total liabilities		1,882,899	1,377,923
TOTAL EQUITY AND LIABILITIES		3,505,332	2,805,963

The accompanying notes are in integral part of the interim condensed consolidated financial statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2021 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Income Statement
for the twelve-month periods ended 31 December 2021 and 2020

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

	Notes	31/12/2021	31/12/2020
Operating income			
Sales of goods and finished products	24	2,186,919	1,488,108
Income from the rendering of services	25	31,659	22,752
Work performed by the Group and capitalised as non-current assets		15,106	14,848
Total operating income		2,233,684	1,525,708
Operating expenses			
Changes in inventories of finished goods and work in progress and raw material supplies	23	(1,031,424)	(702,053)
Personnel expenses	26	(363,731)	(272,436)
Depreciation and amortisation expenses and impairment losses	6, 7, 8, 9 & 13	(124,698)	(117,981)
Other operating expenses	27	(332,517)	(248,789)
Total operating expenses		(1,852,370)	(1,341,259)
Other gains and losses			
Gains/(losses) on sales of fixed assets		349	(386)
Total other gains and losses		349	(386)
Operating profit		381,663	184,063
Finance income/(cost)			
Finance income		2,612	7,378
Finance cost		(35,383)	(37,927)
Right-of-use finance cost		(5,465)	(4,861)
Exchange gains/(losses)		(5,943)	(9,660)
Net financial income/(cost)	28	(44,179)	(45,070)
Share in profit/(loss) for the year from investments accounted for using the equity method	10	5	28
Profit/(loss) before tax from continuing operations		337,489	139,021
Income tax expense	29	(81,521)	(39,118)
Profit/(loss) after tax from continuing operations		255,968	99,903
Profit/(loss) attributable to non-controlling interests		3,605	3,515
Profit/(loss) attributable to equity holders of the parent		252,363	96,388
EBITDA	35	506,366	302,072
Basic and diluted earnings/(loss) per share (euros)	17	1.32438	0.49702

The accompanying notes are in integral part of the interim condensed consolidated financial statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2021 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income
for the twelve-month periods ended 31 December 2021 and 2020

(Expressed in thousands of euros)

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

		31/12/2021	31/12/2020
Profit / (loss) for the year		255,968	99,903
Items that will be reclassified to profit or loss			
Cash flow hedges	Note 12	8,973	(1,370)
Actuarial gains and losses		-	135
Exchange differences on translation of foreign operations		69,483	(66,097)
Tax effect		(2,105)	459
Other comprehensive income for the year, net of tax		76,351	(66,873)
Total comprehensive income for the year		332,319	33,030
Total comprehensive income attributable to:			
Equity holders of the parent		329,002	30,089
Non-controlling interests		3,317	2,941
		332,319	33,030

The accompanying notes are in integral part of the interim condensed consolidated financial statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2021 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
for the twelve-month periods ended 31 December 2021 and 2020

(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 reserve	Retained earnings	Interim dividend	Treasury shares	Translation differences	Other	Total	Non-controlling interests	Total equity
Balance at 1 January 2020	195,629	1,148,591	40,140	73,068	-	(14,000)	8,006	(11,820)	1,439,614	5,878	1,445,492
Profit / (loss) for the year	-	-	-	96,388	-	-	-	-	96,388	3,515	99,903
Other comprehensive income	-	-	-	-	-	-	(65,523)	(776)	(66,299)	(574)	(66,873)
Total comprehensive income for the year	-	-	-	96,388	-	-	(65,523)	(776)	30,089	2,941	33,030
Inclusion of entities	-	-	-	-	-	-	-	-	-	5	5
Disposal of entities	-	-	-	-	-	-	-	-	-	(60)	(60)
Change in ownership interest	-	-	-	3,856	-	-	(3,856)	-	-	35	35
Treasury shares	-	-	-	5,921	-	(21,841)	-	-	(15,920)	-	(15,920)
Equity-based payments	-	-	-	9,091	-	-	-	-	9,091	-	9,091
Other	-	-	-	(816)	-	-	-	-	(816)	-	(816)
Dividends	-	-	-	-	(40,752)	-	-	-	(40,752)	(2,065)	(42,817)
Balance at 31 December 2020	195,629	1,148,591	40,140	187,508	(40,752)	(35,841)	(61,373)	(12,596)	1,421,306	6,734	1,428,040
Profit/(loss) for the year	-	-	-	252,363	-	-	-	-	252,363	3,605	255,968
Other comprehensive income	-	-	-	-	-	-	69,771	6,868	76,639	(288)	76,351
Total comprehensive income for the year	-	-	-	252,363	-	-	69,771	6,868	329,002	3,317	332,319
Inclusion of entities	-	-	-	-	-	-	-	-	-	12	12
Change in ownership interest	-	-	-	372	-	-	(286)	-	86	-	86
Treasury shares	-	-	-	46,543	-	(132,650)	-	-	(86,107)	-	(86,107)
Equity-based payments	-	-	-	25,728	-	-	-	-	25,728	-	25,728
Dividends	-	-	-	(116,683)	40,752	-	-	-	(75,931)	(1,714)	(77,645)
Balance at 31 December 2021	195,629	1,148,591	40,140	395,831	-	(168,491)	8,112	(5,728)	1,614,084	8,349	1,622,433

The accompanying notes are in integral part of the interim condensed consolidated financial statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2021 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Cash Flow Statement
for the twelve-month periods ended 31 December 2021 and 2020

(Expressed in thousands of euros)

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

	Note	2021	2020
Cash flows from operating activities			
Profit for the year before tax		337,489	139,021
Adjustments for:			
Amortisation and depreciation	6, 7 & 8	122,602	116,326
Impairment of receivables	27	361	3,720
Provision for/(reversal of) impairment losses on assets	6 & 8	2,096	1,655
Provision for/(reversal of) impairment losses on financial assets	28	342	493
Provision for/(reversal of) losses on risks and expenses		8,994	11,936
Provision for/(reversal) of losses on inventories	23	683	47
Income from financial assets	28	(661)	(5,318)
Finance cost	28	37,767	40,425
(Profit)/loss from the sale of associates		(123)	-
Exchange (gains)/losses		5,943	9,660
Share in profit/(loss) for the year from associates accounted for using the equity method		(5)	(28)
(Profit)/loss on the sale of property, plant and equipment and other intangible assets		(349)	295
(Profit)/loss from the sale of subsidiaries	5	-	91
Government grants recognised in profit and loss		(89)	(86)
Adjustments to consideration paid against gains/losses on business combinations	28	2,739	(1,195)
Share-based payment expenses	30	26,505	9,091
(Profit)/loss from derivative financial instruments at fair value through profit or loss		(1,828)	1,004
Operating profit before changes in working capital		542,466	327,137
Changes in working capital, excluding effects of acquisitions and currency translation differences			
Increase/(decrease) in trade and other receivables		31,917	55,909
Increase/(decrease) in inventories		(171,661)	(19,255)
Increase/(decrease) in trade and other payables		70,516	(2,189)
Utilisation of provisions		(523)	(195)
Cash from operating activities		472,715	361,407
Interest paid		(33,810)	(39,459)
Interest received		628	5,306
Corporate income tax paid		(96,949)	(35,190)
Net cash from operating activities (*)		342,584	292,064
Cash flows from investing activities			
From the sale of property, plant and equipment		1,780	655
From the sale of other intangible assets		496	141
From the sale of financial assets		7,547	3,406
From the sale of subsidiaries, net of cash utilised	5	-	(344)
Proceeds from the sale of subsidiaries in prior years		105	730
Acquisition of property, plant and equipment		(42,869)	(21,839)
Acquisition of intangible assets		(28,553)	(19,476)
Acquisition of other financial assets		(6,765)	(4,477)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	5	(415,628)	(10,637)
Payments for acquisitions of subsidiaries in prior years		(20,215)	(8,837)
Net cash from investing activities (*)		(504,102)	(60,678)

Interim Condensed Consolidated Cash Flow Statement
for the twelve-month periods ended 31 December 2021 and 2020

(Expressed in thousands of euros)

	Note	2021	2020
Cash flows from financing activities			
Payments for repurchase of treasury shares		(277,955)	(37,735)
Proceeds from the sale of treasury shares		191,848	21,815
Proceeds from grants		74	14
Proceeds from bank financing		385,430	42,976
Payments for bank borrowings		(177,392)	(202,093)
Payments for lease liabilities		(26,238)	(20,328)
Dividends paid		(77,646)	(42,817)
Net cash from financing activities (*)		18,121	(238,168)
Net increase/(decrease) in cash and cash equivalents		(143,397)	(6,782)
Cash and cash equivalents at 1 January		225,631	242,240
Effect of currency translation differences on cash flows		7,884	(9,827)
Cash and cash equivalents at 31 December		90,118	225,631

(*) Includes the cash flows arising from continuing and discontinued operations (Note 13).

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

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 (Spain) 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.

On 1 July 2021, the Company changed its registered address from the previous location in the municipality of Sabadell (Avenida Francesc Macià nº 60, planta 20, 08208 Sabadell, Barcelona) to a new location in the municipality of Sant Cugat del Vallès (Avda. Alcalde Barnils 69, 08174 Sant Cugat del Vallés, 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 accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interests in other entities as detailed in Appendix I also. Group companies have been consolidated using their interim financial statements prepared/approved for issue by the corresponding managing bodies or Boards 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

These interim condensed consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the entities included in the Group using the going concern principle. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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 2021 and its consolidated financial results, consolidated cash flows and changes in consolidated equity for the year then ended.

a) Basis of presentation of the interim condensed consolidated financial statements

These interim condensed consolidated 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.

b) Comparative information

For comparative purposes, the interim condensed consolidated financial statements include the consolidated figures for the twelve-month period ended 31 December 2021 in addition to those for the same period 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 cash flow statement and the notes thereto, which have been obtained by consistently applying IFRS-EU as required by the standards.

The Group's accounting policies that are described in Note 3 have been consistently applied to the twelve-month period ended 31 December 2021 and the accompanying comparative information at 31 December 2020.

All significant mandatory accounting principles have been applied.

The 2020 consolidated annual accounts were approved for issue by the shareholders in general meeting on 6 May 2021.

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

In the preparation of interim condensed consolidated financial statements in accordance with IFRS-EU IAS 34 “Interim Financial Reporting”, 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 interim condensed consolidated financial statements for the twelve-month periods ended 31 December 2021 and 2020, estimates were occasionally made 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 (see 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 7).
- 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 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 Riiot Labs NV/SA (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 30).
- Estimates and judgements related to the 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 capitalisation takes into account whether they will be reversed in the foreseeable future (see Notes 3 s) and 29).

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2021 and 2020, events may occur in the future which require these estimates to be adjusted (upwards or downwards) in the coming years. Any effect of the adjustments made in future years shall be 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 interim condensed 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) d) and 11).
- Judgements made to calculate the lease terms of agreements that can be renewed (see Notes 3 f) iv)) and,
- Reasons supporting the capitalisation of development projects (see Notes 3 d) ii) and 8).

d) Changes to IFRS-EU standards during the twelve-month period ended 31 December 2021

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the interim condensed consolidated financial statements for the twelve-month period ended 31 December 2020, except for the new standards and any amendments that are applicable as of 1 January 2021, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2021.
  - Amendments to IRFS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform - phase 2
  - Amendment to IFRS 4 Insurance contracts - deferral of IFRS 9
  - Covid-19-related rent concessions beyond 30 June 2021 (Amendment to IFRS 16)

None of the standards, interpretations or amendments to the standards that are applicable for the first time this year have had a significant impact on the Group's accounting policies.

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 summarised 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 cash flows are included in the interim condensed consolidated financial statements 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 applied 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

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 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 unrealised gains and losses on transactions between group companies have been eliminated on consolidation. If any, unrealised 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 and/or cross options granted

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 interim condensed consolidated financial statements 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 rates prevailing at the transaction date. Exchange gains and losses arising on the settlement of foreign currency transactions and on the translation into the year-end 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 capitalisation of the production cost is recognised under Work performed by the Group and capitalised 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.

ii) Investments 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 amortised 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.

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 capitalised 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 capitalised through the payment of the costs attributable to the asset in the Work performed by the Group and capitalised 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 amortisation 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	3-15
Industrial property and patents	Straight-line	5-8
Computer software	Straight-line	3-5
Customer relations	Declining-balance method	3-30
Other intangible assets	Declining-balance method / Straight-line	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 assets

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 the twelve-months ended 31 December 2021 is 2.21% (2.68% in the same period of 2020).

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 amortisation 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 amortisation, 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 are 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 are 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 years 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 finance cost 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.

(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 realisable 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 the 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 realisable value, an adjustment is made to profit and loss. Net realisable 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 realisable 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 realisable 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 amortised.

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 externalised 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 realisation 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) Recognition of 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.

i) Sale of goods

Revenue from the 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 as this is the point in time when the consideration is unconditional, because only the passage of time is required before payment is 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 are 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 29.

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 utilised, 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 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 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 utilised.

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 realise 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 realised 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 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 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 interim condensed consolidated financial statements 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) Environment

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 minimise 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 reporting

The Fluidra Group's organisational structure has four divisions, three of them covering a geographical approach, which manage the Group's sales and distribution activity, and the fourth one, which comprises the manufacturing 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 Business Divisions are EMEA, North America and APAC.

The EMEA segment (Europe, Middle East & Africa) relates to Europe, Africa (excluding South Africa) 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 and also other emerging markets, with higher growth expectations.

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.

The APAC (Asia-Pacific) segment includes Australia, Asia and South Africa as its main markets, including mature markets with more moderate growth but lower market share than in the European markets, and emerging markets with higher growth expectations, due to new swimming pool construction and a greater focus on public swimming pools in the Asian markets.

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

This organisational structure also affects the identification of the Group’s cash generating units (CGUs) (Note 8) .

In addition to the four 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 for 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 35) to measure the segment results. Amortisation 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.

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 III.

A breakdown of the Group’s segment information for the twelve-month periods ended 31 December 2021 and 2020 is shown in Appendices II and III to these interim condensed consolidated financial statements.

5. Business combinations and sales of Group companies

A breakdown of the transactions resulting in business combinations during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

2021

On 13 January 2021, the subsidiary Zodiac Pool Systems LLC, indirectly wholly-owned by Fluidra, completed the acquisition of all substantial assets of the business Built Right Pool Heaters LLC (”Built Right”), a heat pump manufacturer located in Florida, U.S.

Built Right specialises in the manufacture and servicing of high-quality heat pumps. Adding Built Right to the Fluidra catalogue significantly reinforces the Company’s position in the pool and spa heat pump solutions business, while also enabling Fluidra to better meet the needs of customers through a broader product offering.

The price of this acquisition amounted to USD 11.1 million.

Due to commercial and management synergies, this acquisition has been integrated into the North America CGU.

On 10 March 2021, Fluidra Holdco North America, Inc., a wholly-owned subsidiary indirectly held by Fluidra, S.A. signed a share purchase agreement whereby it has acquired 100% of the share capital of the US company Custom Molded Products, LLC (”CMP”).

CMP is a Georgia-based firm considered one of the leaders in the US business of designing, manufacturing, marketing and selling pool and spa products, including built-in equipment, sanitising systems, water fountains and lighting. The company operates several manufacturing and distribution facilities in multiple locations in the United States and China, and has a broad portfolio of pool and wellness products that complement Fluidra's product offerings. CMP's product reputation, together with its operational and manufacturing expertise, will help Fluidra to accelerate growth by providing its customers with a wider range of pool and spa technology, as well as greater product supply capacity.

The consideration paid for the transaction amounts to USD 189.8 million, with an initial payment and a net working capital adjustment to offset the seasonality of working capital.

Due to commercial and management synergies, this acquisition has been integrated into the North America CGU.

On 31 August 2021, Fluidra Holdco North America, Inc., a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it has acquired 100% of the share capital of SRS Holdco, LLC (“S.R. Smith”), a leading US manufacturer specialising in commercial and residential pool equipment, outdoor equipment and accessories, with a presence in several countries.

With the acquisition of S.R. Smith, whose headquarters are in Canby (Oregon) and with manufacturing facilities in several locations in the United States and Australia, Fluidra expects to boost its growth in the commercial and residential pool segments, as well as to offer a better service to its customers in North America and around the world. S.R. Smith's product portfolio is extensive and perfectly complements Fluidra's offer, as well as having the support of distributors throughout the globe, especially in the United States, Australia, Canada and Europe.

The transaction is valued at USD 229.0 million, fully paid at the transaction close.

Due to commercial and management synergies, this acquisition has been integrated into the North America and Asia-Pacific CGUs, in line with the businesses’ location.

On 3 November 2021, Fluidra Holdco North America, Inc., a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it has acquired 100% of the share capital of the US company Taylor Water Technologies LLC (“Taylor Technologies”).

Taylor Technologies is a Maryland-based firm considered a leading manufacturer of reagents and kits for water testing. Its product portfolio complements Fluidra’s product offering in the United States, providing a solid, experienced brand in the field of chemical water testing.

The acquisition was closed at USD 76.4 million, fully paid at the transaction close.

Due to commercial and management synergies, this acquisition has been integrated into the North America CGU.

During the period comprised between the date of acquisition and 31 December 2021, the acquired business has generated consolidated total sales of goods and finished products amounting to Euros 153,892 thousand and consolidated total profit after tax amounting to Euros 10,455 thousand.

The breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the year ended 31 December 2021 is as follows:

Consideration paid	
Cash paid	424,881
Contingent consideration	-
Total consideration paid	424,881
Fair value of net assets acquired	233,120
Goodwill	191,761

The intangible assets that have not been recorded separately from goodwill and have therefore been included in it since they do not meet the separability criterion required by IFRS-EU mainly relate to the work force and synergies of the acquired business.

The accounting of the S.R. Smith and Taylor Technologies businesses is not final.

The most significant differences that have arisen between the carrying amounts of the businesses acquired during the year and their fair values relate to brands, technology and client portfolio.

The fair value of brands and technology is based on measurements made by an independent expert using the royalty relief method. The customer portfolio has been measured using the MPEE method (multi-period excess earnings). The key assumptions used are based on the strategic plans approved by Management.

The amounts that have been recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired during the year ended 31 December 2021, by significant categories, are as follows:

	Thousands of euros
Property, plant and equipment	20,731
Other intangible assets	246,178
Right-of-use assets	31,066
Investments accounted for using the equity method	563
Non-current financial assets	129
Deferred tax assets	32,408
Inventories	52,277
Trade and other receivables	32,923
Cash and cash equivalents	9,253
Total assets	425,528
Bank borrowings and other marketable securities - non-current	5,645
Non-current lease liabilities	30,432
Deferred tax liabilities	63,457
Non-current provisions	5
Other non-current liabilities	2,678
Bank borrowings and other marketable securities - current	52,225
Current lease liabilities	2,397
Trade and other payables	32,744
Current provisions	2,825
Total liabilities and contingent liabilities	192,408
Total net assets	233,120
Total net assets acquired	233,120
Paid in cash	424,881
Cash and cash equivalents acquired	9,253
Cash paid for the acquisitions	415,628

In the year ended 31 December 2021, cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 20,215 thousand.

2020

On 14 February 2020, Fluidra Group Australia Pty Ltd., a wholly-owned subsidiary, owned indirectly by Fluidra, S.A. 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 acquisition of this business meant the acquisition of its technology, property, plant and equipment, inventories, employees and the other assets and liabilities related to this activity.

An initial amount of Euros 9,094 thousand was paid for this acquisition and contingent amounts were established mainly subject to the results that the acquired business obtains during 2020. The Group recognised an amount of Euros 3,778 thousand related to this contingent consideration at the date of acquisition. The Group estimated a fair value for this consideration based on projections provided by the company's Management. The agreement did not establish any maximum limit to be paid.

As a consequence of the above-mentioned acquisition, the Group granted a put option right to the minority shareholders for 20% and the minority shareholders a call option right to the Group, the exercise period of which is between 15 February 2021 and 15 April 2023 and the price of which is mainly subject to the development of new products. At acquisition date, the Group recorded a non-current liability for the present amount of the price of said put option amounting to Euros 3,887 thousand, and no non-controlling interest has been recognised.

During the period comprised between the date of acquisition and 31 December 2020, the acquired business generated consolidated total sales of goods and finished products amounting to Euros 2,005 thousand and consolidated total profit after tax amounting to Euros 1,981 thousand.

If the acquisition had occurred on 1 January 2020, the Group's sales of goods and finished products would have increased by Euros 210 thousand and consolidated profit after tax would have increased by Euros 364 thousand.

Due to commercial and management synergies, this acquisition was integrated into the new Asia-Pacific CGU included in the APAC segment.

On 1 July 2020, Fluidra Commercial France, SAS, a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it acquired 100% of the share capital of the Belgian company AYW Concept BV/SRL (”Aquafive”).

Aquafive has its registered office in Wavre, Belgium, and via its wholly-owned subsidiary Pentagone APCD (“Pentagone”), it distributes pool products, including those relating to heaters, dehumidifiers and pool covers, and also pool cleaning and treatment products. Aquafive has a long-standing relationship with the Fluidra Group, as it is an exclusive distributor of Zodiac products in the Benelux region (Belgium, Netherlands and Luxembourg). Aquafive's sales figure in the year ended 31 December 2019 amounts to approximately Euros 7 million with EBITDA in the aforementioned period of approximately Euros 900 million.

The signed agreement valued Aquafive and its subsidiary Pentagone at approximately Euros 4,801 thousand, including a deferred payment of Euros 1,500 thousand. The purchase price of 100% of registered capital was paid as follows: an initial payment made on the day the agreement was signed for Euros 3,301 thousand; furthermore, three deferred payments of Euros 500 thousand were agreed in each of the coming three years.

This acquisition was integrated into the existing operations of Fluidra in Belgium, and enabled the scope of the Group’s product portfolio to expand, and provide a better service to the broad customer base.

During the period comprised between the date of acquisition and 31 December 2020, the acquired business generated consolidated total sales of goods and finished products amounting to Euros 3,612 thousand and consolidated total profit after tax amounting to Euros 68 thousand.

If the acquisition had occurred on 1 January 2020, the Group's sales of goods and finished products would have increased by Euros 5,377 thousand and consolidated profit after tax would have decreased by Euros 581 thousand.

Due to commercial and management synergies, this acquisition was integrated into the Europe CGU.

On 11 August 2020, Fluidra Brasil Indústria e Comerçio, Ltda, a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it acquired 100% of the share capital of the Brazilian company Ten Four Indústria e Serviços, Ltda.

The consideration for this acquisition was to take on all liabilities, paying a purchase price of 1 Brazilian Real.

During the period comprised between the date of acquisition and 31 December 2020, the acquired business generated consolidated sales of goods and finished products amounting to Euros 943 thousand and a loss of Euros (149) thousand for the Group.

If the acquisition had occurred on 1 January 2020, the Group's sales of goods and finished products would have increased by Euros 321 thousand and consolidated profit after tax would have decreased by Euros 3,554 thousand.

The breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the year ended 31 December 2020 is as follows:

Consideration paid	
Cash paid	12,395
Contingent consideration	9,165
Total consideration paid	21,560
Fair value of net assets acquired	4,844
Goodwill	16,716

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 the work force and synergies of the acquired business. The goodwill on these acquisitions is not expected to be deductible for tax purposes.

The accounting of these business combinations 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 technology and client portfolio.

The fair value of technology is based on measurements made by an independent expert using the royalty relief method. The customer portfolio was measured using the MPEE method (multi-period excess earnings). The key assumptions used were based on the strategic plans approved by Management.

The amounts that were recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired during the year ended 31 December 2020, by significant categories, are as follows:

	Thousands of euros
Property, plant and equipment	1,048
Other intangible assets	7,565
Non-current financial assets	301
Inventories	3,551
Trade and other receivables	3,683
Cash and cash equivalents	1,416
Total assets	17,564
Bank borrowings and other marketable securities - non-current	136
Deferred tax liabilities	1,875
Non-current provisions	766
Government grants	11
Bank borrowings and other marketable securities - current	1,209
Trade and other payables	8,177
Current provisions	546
Total liabilities and contingent liabilities	12,720
Total net assets	4,844
Total net assets acquired	4,844
Paid in cash	12,395
Cash and cash equivalents acquired	1,416
Cash paid for the acquisitions	10,979

Furthermore, following Fluidra's strategy to divest its non-essential activities in order to focus on the Group's core business, on 31July 2020 the German company SET Energietchnick GmbH was sold for an amount of Euros 94 thousand.

On 3 December 2020, the Spanish company Tecnical Pool Services, S.L. was also sold for Euros 47 thousand.

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

	Thousands of euros
Amount received in cash	141
Deferred collections	-
Total	141
Total net assets sold	232
Loss on the sale	(91)

The amounts that were 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, intangible assets and right-of-use assets	20
Non-current financial assets	4
Deferred tax assets	2
Inventories	392
Trade and other receivables	316
Cash and cash equivalents	485
Total assets	1,219
Lease liabilities	483
Trade and other payables	504
Total liabilities and contingent liabilities	987
Total net assets	232
Total net assets sold	232
Amount received in cash	141
Cash and cash equivalents sold	485
Net cash from the sale	(344)

In the year ended 31 December 2020, cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 8,837 thousand.

6. Property, plant and equipment

Movement in Property, plant and equipment during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Thousands of euros							
	Balances at 31.12.20	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.21
Cost								
Land and buildings	67,972	3,514	724	(317)	-	(3,996)	793	68,690
Plant and machinery	126,004	5,559	15,321	(9,243)	(719)	(382)	1,693	138,233
Other installations, equipment and furniture	161,257	6,839	7,414	(22,627)	(270)	8,644	2,573	163,830
Other PPE	26,757	3,627	3,333	(6,277)	(15)	(232)	550	27,743
Under construction	11,862	1,192	16,544	(171)	-	(9,876)	684	20,235
	393,852	20,731	43,336	(38,635)	(1,004)	(5,842)	6,293	418,731
Accumulated depreciation								
Buildings	(33,690)	-	(1,373)	306	-	4,123	(394)	(31,028)
Plant and machinery	(95,037)	-	(7,277)	8,947	-	6,900	(1,348)	(87,815)
Other installations, equipment and furniture	(126,798)	-	(10,243)	22,463	-	(4,323)	(1,842)	(120,743)
Other PPE	(20,386)	-	(3,173)	6,210	-	(774)	(349)	(18,472)
	(275,911)	-	(22,066)	37,926	-	5,926	(3,933)	(258,058)
Net carrying amount	117,941	20,731	21,270	(709)	(1,004)	84	2,360	160,673

	Thousands of euros							
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.20
Cost								
Land and buildings	77,202	442	62	(613)	-	(8,649)	(472)	67,972
Plant and machinery	125,847	1,343	6,242	(6,098)	(105)	312	(1,537)	126,004
Other installations, equipment and furniture	153,233	38	5,416	(4,547)	(102)	9,447	(2,228)	161,257
Other PPE	27,347	211	2,899	(3,197)	(18)	153	(638)	26,757
Under construction	9,389	-	9,312	(74)	(6)	(6,248)	(511)	11,862
	393,018	2,034	23,931	(14,529)	(231)	(4,985)	(5,386)	393,852
Accumulated depreciation								
Buildings	(33,635)	(82)	(1,352)	853	-	353	173	(33,690)
Plant and machinery	(95,392)	(757)	(5,755)	5,704	-	437	726	(95,037)
Other installations, equipment and furniture	(122,635)	-	(9,322)	4,250	-	(336)	1,245	(126,798)
Other PPE	(21,380)	(147)	(2,838)	3,349	-	226	404	(20,386)
	(273,042)	(986)	(19,267)	14,156	-	680	2,548	(275,911)
Net carrying amount	119,976	1,048	4,664	(373)	(231)	(4,305)	(2,838)	117,941

a) Property, plant and equipment pledged as guarantees

At 31 December 2021 and 2020 no items of property, plant and equipment are mortgaged or pledged as guarantees.

b) Insurance

The consolidated Group 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.

c) Fully depreciated assets

The cost of fully depreciated property, plant and equipment still in use at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Buildings	24,470	30,006
Plant and machinery	87,511	83,195
Other installations, equipment and furniture	104,139	114,238
Other property, plant and equipment	19,313	19,858
	235,433	247,297

d) Assets located abroad

At 31 December 2021 property, plant and equipment located outside Spain amount to Euros 81,849 thousand (Euros 47,567 thousand at 31 December 2020).

e) Gains/(losses) on disposals of fixed assets

In the twelve-month periods ended 31 December 2021 and 2020, there were no significant disposals of fixed assets.

7. Investment property

Movement in investment property during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Thousands of euros				
	Balances at 31.12.20	Additions	Disposals	Transfers	Balances at 31.12.21
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,516	-	(2,049)	6,352	7,819
	5,396	-	(2,049)	6,352	9,699
Accumulated amortisation					
Buildings	(2,456)	(22)	1,851	(6,933)	(7,560)
	(2,456)	(22)	1,851	(6,933)	(7,560)
Net carrying amount	2,940	(22)	(198)	(581)	2,139

	Thousands of euros				
	Balances at 31.12.19	Additions	Disposals	Transfers	Balances at 31.12.20
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,540	-	(24)	-	3,516
	5,420	-	(24)	-	5,396
Accumulated amortisation					
Buildings	(2,254)	(204)	2	-	(2,456)
	(2,254)	(204)	2	-	(2,456)
Net carrying amount	3,166	(204)	(22)	-	2,940

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

8. Goodwill and Other intangible assets

Movement in Goodwill and other intangible assets during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

a) Goodwill

	Thousands of euros						
	Balances at 31.12.20	Business combinations	Additions	Disposals	Impairment	Exchange gains/(losses)	Balances at 31.12.21
Carrying amount							
Goodwill	1,075,483	191,761	-	-	(94)	49,316	1,316,466

	Thousands of euros						
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Exchange gains/(losses)	Balances at 31.12.20
Carrying amount							
Goodwill	1,103,856	16,716	-	-	-	(45,089)	1,075,483

b) Other intangible assets

	Thousands of euros							
	Balances at 31.12.20	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.21
Cost								
Development expenses for work in progress	103,566	1,724	12,836	(14,606)	(795)	10,810	5,617	119,152
Customer relations/Contractual relations	537,781	132,363	4,939	-	-	4,935	47,392	727,410
Computer software	49,622	564	9,990	(877)	(1)	(356)	374	59,316
Patents, Trademarks and Other intangible assets	165,581	111,527	2,323	(875)	(2)	1,194	16,376	296,124
	856,550	246,178	30,088	(16,358)	(798)	16,583	69,759	1,202,002
Accumulated amortisation								
Product development expenses	(38,901)	-	(9,232)	14,156	-	(9,833)	(2,544)	(46,354)
Customer relations/Contractual relations	(134,469)	-	(56,222)	-	-	(4,935)	(11,185)	(206,811)
Computer software	(36,496)	-	(5,708)	876	-	(7)	(235)	(41,570)
Patents, Trademarks and Other intangible assets	(4,967)	-	(1,950)	830	-	(1,201)	(253)	(7,541)
	(214,833)	-	(73,112)	15,862	-	(15,976)	(14,217)	(302,276)
Net carrying amount	641,717	246,178	(43,024)	(496)	(798)	607	55,542	899,726

	Thousands of euros							
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.20
Cost								
Development expenses for work in progress	102,952	-	12,987	(9,379)	(36)	3,018	(5,976)	103,566
Customer relations/Contractual relations	594,893	1,000	-	(12,753)	(58)	-	(45,301)	537,781
Computer software	46,743	253	6,026	(3,104)	(542)	647	(401)	49,622
Patents, Trademarks and Other intangible assets	176,920	6,501	463	(7,156)	(326)	(52)	(10,769)	165,581
	921,508	7,754	19,476	(32,392)	(962)	3,613	(62,447)	856,550
Accumulated amortisation								
Product development expenses	(40,751)	-	(10,062)	9,254	-	-	2,658	(38,901)
Customer relations/Contractual relations	(101,891)	-	(54,677)	12,787	-	-	9,312	(134,469)
Computer software	(33,544)	(189)	(6,172)	3,068	-	56	285	(36,496)
Patents, Trademarks and Other intangible assets	(9,137)	-	(3,150)	7,144	-	(90)	266	(4,967)
	(185,323)	(189)	(74,061)	32,253	-	(34)	12,521	(214,833)
Net carrying amount	736,185	7,565	(54,585)	(139)	(962)	3,579	(49,926)	641,717

No intangible assets have been pledged as guarantees.

Additions to product development expenses in the twelve-month period ended 31 December 2021 amounting to Euros 12,836 thousand (Euros 12,537 thousand in 2020) correspond to work performed by the Group and capitalised as non-current assets, and are included in said caption of the consolidated income statement.

Additions to customer relations for the twelve-month period ended 31 December 2021 amounting to Euros 4,939 thousand relate to the acquisition of part of the customer portfolio and distribution contracts of Realco, S.A. in Belgium by Manufacturas Gre, SAU.

The cost of fully amortised intangible assets still in use at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Development expenses for work in progress	54,136	55,983
Computer software	32,823	25,988
Patents, Trademarks and Other intangible assets	35,004	35,023
	121,963	116,994

At 31 December 2021, intangible assets located outside Spain amount to Euros 874,647 thousand (Euros 627,000 thousand at 31 December 2020).

c) Impairment and allocation of goodwill to CGUs.

The CGU structure resulting from the merger with the Zodiac Group and the reorganisation carried out in the second half of 2020 is as follows:

- North America
- Europe
- Operations
- Asia-Pacific
- EMEA expansion
- SIBO Fluidra Netherlands B.V.
- Certikin International, LTD

The Group has allocated goodwill to its cash-generating units (CGUs) in accordance with IAS 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 breakdown of goodwill allocated by CGU or group of CGUs at 31 December 2021 and 31 December 2020 is as follows:

		Thousands of euros	
	Segment	31.12.2021	31.12.2020
North America	North America	712,936	478,046
Europe	EMEA	300,997	300,968
Operations	Operations	186,562	186,562
Asia-Pacific	APAC	67,523	61,567
EMEA expansion	EMEA	39,904	39,904
SIBO Fluidra Netherlands B.V.	EMEA	5,048	5,048
Certikin International, LTD	EMEA	3,496	3,388
Total		1,316,466	1,075,483

Movement in goodwill is essentially explained by the acquisition of Built Right, CMP, S.R. Smith and Taylor Technologies (see Note 5), as well as currency translation differences arising 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 use cash flow projections based on finance budgets and/or strategic plans, approved by Management, for the cash generating units to which goodwill has been allocated and cover a period of five years. 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.

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.

The quantitative assumptions used for the twelve-month period ended 31 December 2021 are shown in the accompanying table:

CGU	Sales CAGR (*) 2022-2026	EBITDA CAGR (*) 2022-2026	g (**)	WACC (***) 2021	WACC (****) 2021
North America	5.73%	5.52%	1.73%	6.59%	8.80%
Europe	4.58%	6.18%	1.78%	7.35%	9.36%
Operations	5.02%	5.04%	1.75%	8.19%	10.60%
Asia-Pacific	5.54%	4.55%	2.31%	8.54%	11.97%
EMEA expansion	5.82%	5.53%	2.33%	10.63%	13.01%
SIBO Fluidra Netherlands B.V.	5.22%	4.80%	1.98%	6.21%	8.13%
Certikin International, LTD	3.66%	3.39%	2.01%	7.02%	8.60%

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

(**) Perpetual growth rate.

(***) After-tax discount rate.

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

The quantitative assumptions used for the twelve-month period ended 31 December 2020 are shown in the accompanying table:

CGU	Sales CAGR (*) 2021-2025	EBITDA CAGR (*) 2021-2025	g (**)	WACC (***) 2020	WACC (****) 2020
North America	5.25%	5.43%	1.78%	6.60%	9.17%
Europe	3.55%	3.66%	1.69%	7.08%	9.20%
Operations	4.68%	5.31%	1.81%	8.66%	11.48%
Asia-Pacific	2.08%	5.46%	2.10%	7.66%	11.09%
EMEA expansion	3.92%	5.75%	2.26%	10.47%	12.97%
SIBO Fluidra Netherlands B.V.	2.19%	2.75%	1.64%	6.24%	8.06%
Certikin International, LTD	3.48%	4.68%	1.92%	7.15%	9.05%

(*) 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 last 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 tables 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 tables above.

For the impairment test, the right-of-use assets arising as a result of IFRS16 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 2021 and 2020, is as follows:

CGU	EBITDA	g	WACC
North America	>100%	>100%	>100%
Europe	>100%	>100%	>100%
Operations	>100%	>100%	>100%
Asia-Pacific	>100%	>100%	>100%
EMEA expansion	>100%	>100%	>100%
SIBO Fluidra Netherlands B.V.	>100%	>100%	>100%
Certikin International, LTD	>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 2021.

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

The Group’s market capitalisation at 31 December 2021 amounts to Euros 6,886.1 million (Euros 4,098.4 million at 31 December 2020).

9. Right-of-use assets

Details of and movement in right-of-use assets during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Thousands of euros							
	Balances at 31.12.20	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.21
Cost								
Land and buildings	121,118	31,066	34,748	(3,828)	(150)	47	5,074	188,075
Plant and machinery	3,835	-	3,356	(935)	(53)	(2)	146	6,347
Other installations, equipment and furniture	1,461	-	1,349	(213)	-	3	5	2,605
Other PPE	9,016	-	3,347	(2,068)	(30)	80	79	10,424
	135,430	31,066	42,800	(7,044)	(233)	128	5,304	207,451
Accumulated amortisation								
Buildings	(27,597)	-	(22,233)	3,399	-	(260)	(821)	(47,512)
Plant and machinery	(1,716)	-	(1,671)	935	-	2	(84)	(2,534)
Other installations, equipment and furniture	(415)	-	(471)	200	-	(3)	(4)	(693)
Other PPE	(3,988)	-	(2,994)	1,989	-	(80)	(40)	(5,113)
	(33,716)	-	(27,369)	6,523	-	(341)	(949)	(55,852)
Net carrying amount	101,714	31,066	15,431	(521)	(233)	(213)	4,355	151,599

	Thousands of euros						
	Balances at 31.12.19	Additions	Disposals	Impairment	Transfers	Exchange gains/(losses)	Balances at 31.12.20
Cost							
Land and buildings	122,002	11,146	(7,275)	(463)	55	(4,347)	121,118
Plant and machinery	2,282	1,479	(125)	-	235	(36)	3,835
Other installations, equipment and furniture	1,145	773	(355)	-	(91)	(11)	1,461
Other PPE	7,467	3,171	(1,498)	-	-	(124)	9,016
	132,896	16,569	(9,253)	(463)	199	(4,518)	135,430
Accumulated amortisation							
Buildings	(16,641)	(18,491)	6,820	-	74	641	(27,597)
Plant and machinery	(467)	(1,216)	125	-	(172)	14	(1,716)
Other installations, equipment and furniture	(414)	(393)	322	-	66	4	(415)
Other PPE	(2,715)	(2,693)	1,410	-	-	10	(3,988)
	(20,237)	(22,793)	8,677	-	(32)	669	(33,716)
Net carrying amount	112,659	(6,224)	(576)	(463)	167	(3,849)	101,714

The right-of-use asset additions for the twelve month period ended 31 December 2021 relate mainly to the new corporate headquarters in Sant Cugat del Vallés, as well as new lease contracts for warehouses in the UK and Spain.

10. Investments accounted for using the equity method

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

	Thousands of euros	
	2021	2020
Balance at 1 January	28	-
Share in profit/(loss)	5	28
Profits on sale/Disposals	123	-
Additions from business combinations	563	-
Exchange gains/(losses)	16	-
Balance at 31 December	735	28

The breakdown of the key financial figures of investments accounted for using the equity method for the twelve-month periods ended 31 December 2021 and 2020 is as follows:

			2021				
			Thousands of euros				
	Country	% of shareholding	Assets	Liabilities	Equity	Income	Profit/(loss)
Astral Nigeria, LTD	Nigeria	25	998	395	603	1,443	20
Aspire Polymers, Pty Ltd.	Australia	50	508	391	117	519	-
			1,506	786	720	1,962	20

			2020				
			Thousands of euros				
	Country	% of shareholding	Assets	Liabilities	Equity	Income	Profit/(loss)
Astral Nigeria, LTD	Nigeria	25	1,018	435	583	1,290	112
OCM Products Limited	Great Britain	50	453	501	(48)	196	-
			1,471	936	535	1,486	112

11. Current and non-current financial assets

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

		Thousands of euros	
	Note	2021	2020
Financial assets at fair value through profit or loss		245	249
Deposits and guarantees		4,207	4,135
Total non-current		4,452	4,384
Deposits and guarantees		10,794	10,867
Derivative financial instruments	12	491	10
Total current		11,285	10,877

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 granted 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 interim condensed consolidated financial statements.

12. Derivative financial instruments

A breakdown of derivative financial instruments is as follows:

	2021				
	Thousands of euros				
	Notional amount	Fair values			
		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) Exchange rate derivatives					
Foreign currency contracts	23,276	-	491	-	181
Total derivatives traded on over-the-counter markets		-	491	-	181
Total derivatives held for trading		-	491	-	181
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	593,696	-	-	7,191	-
Total hedging derivatives		-	-	7,191	-
Total recognised derivatives		-	491	7,191	181
			(Note 11)		

	2020				
		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	52,613	-	10	-	1,531
Total derivatives traded on over-the-counter markets		-	10	-	1,531
Total derivatives held for trading		-	10	-	1,531
2) Hedging derivatives					
a) Cash flow hedges					
Interest rate swaps	572,788	-	-	15,987	-
Total hedging derivatives		-	-	15,987	-
Total recognised derivatives		-	10	15,987	1,531
			(Note 11)		

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 the income statement and amounts to a loss of Euros 1,828 thousand (profit of Euros 1,011 thousand in 2020).

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 Euros 6,868 thousand (a decrease of Euros 911 thousand in 2020).

The overall amount of cash flow hedges that has been transferred in the twelve-month period ended 31 December 2021 from other comprehensive income in equity to the consolidated income statement (under financial cost) amounts to a loss of Euros 9,221 thousand (a loss of Euros 7.949 thousand in 2020).

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 the twelve-month period ended 31 December 2021 (in the same period in 2020 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 31.12.21			
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
110,366	31/10/2018	31/10/2022	Fixed swap
10,000	05/11/2018	31/10/2022	Fixed swap
30,000	07/11/2018	31/10/2022	Fixed swap
110,366	08/11/2018	31/10/2022	Fixed swap
44,146	13/11/2018	31/10/2022	Fixed swap
28,818	13/12/2018	31/10/2022	Fixed swap
593,696			

Hedging derivatives 31.12.20			
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
101,866	31/10/2018	31/10/2022	Fixed swap
10,000	05/11/2018	31/10/2022	Fixed swap
30,000	07/11/2018	31/10/2022	Fixed swap
101,866	08/11/2018	31/10/2022	Fixed swap
40,746	13/11/2018	31/10/2022	Fixed swap
28,310	13/12/2018	31/10/2022	Fixed swap
572,788			

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

	Thousands of euros	
	2021	2020
From one to five years	593,696	572,788
	593,696	572,788

Since derivatives are not traded on organised 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.

The breakdown by exchange rate of the notional amounts of exchange rate derivatives at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
GBP / EUR	11,000	8,200
EUR / USD	6,181	21,188
GBP / USD	3,311	4,401
USD / CNY	2,207	-
USD / ZAR	503	-
EUR / ZAR	74	-
AUD / USD	-	18,743
ZAR / EUR	-	81
	23,276	52,613

At 31 December 2021 and 2020, 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	
	2021	2020
Less than one year	23,276	52,613
	23,276	52,613

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

In line with the strategy in recent years of divesting non-strategic businesses (Puralia Systems, S.L.U., SET Energietechnick, GmbH and Tecnical Pool Service, S.L.), during the twelve-month period ended 31 December 2021 Togama, S.A.U., a company engaged in manufacturing small glass pool tiles, which wasn't part of Fluidra's core business, was put up for sale.

For this reason, a letter of intent for the sale of this business was signed on 13 July 2021. Since the Group has a binding agreement to sell these clearly identified assets and liabilities, the sale is deemed likely to go ahead and it is expected to be completed in 2022, the accounting balances of these assets and liabilities have been reclassified under 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". However, these have not been considered as discontinued operations as they do not represent a significant line of business, and therefore all income and expenses for the period relating to this business are presented under the relevant heading according to their nature.

Assets held for sale, less their related liabilities, have been measured at their carrying value or the expected sale amount less cost of sale, whichever is lower. This has led to the recognition of impairment of Euros 1,240 thousand at 31 December 2021.

Details of the nature of the assets classified as held for sale and the related liabilities, at 31 December 2021, are as follows:

Assets	31/12/2021
Non-current financial assets	66
Total non-current assets	66
Inventories	1,546
Trade and other receivables	1,012
Cash and cash equivalents	2,310
Total current assets	4,868
TOTAL ASSETS	4,934
Liabilities	
Lease liabilities	26
Deferred tax liabilities	45
Government grants	8
Other non-current liabilities	37
Total non-current liabilities	116
Lease liabilities	83
Trade and other payables	1,487
Total current liabilities	1,570
TOTAL LIABILITIES	1,686

14. Inventories

Details of inventories are as follows:

	Thousands of euros	
	2021	2020
Goods, finished products and work in progress	353,289	207,454
Raw materials and other consumables	140,725	74,384
	494,014	281,838

At 31 December 2021 and 2020 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 the twelve-month period ended 31 December 2021, inventories amounting to Euros 52,277 thousand (Euros 3,551 thousand in the same period of 2020).

Consolidated Group companies have taken out several insurance policies to cover the risks to which its inventories are exposed. The coverage of these policies is considered sufficient.

There are no significant commitments to purchase or sell goods.

During the twelve-month period ended 31 December 2021, the Group has recorded allocations to inventories amounting to Euros 683 thousand to adjust them to their net carrying amounts (allocations of Euros 47 thousand in the same period of 2020) (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	
	2021	2020
Non-current		
Other non-current receivables	3,770	3,680
Current		
Receivables from sales and services rendered	209,615	236,623
Other receivables and advance payments	29,564	16,545
Public entities	25,105	13,939
Current income tax assets	16,317	8,504
Impairment and uncollectibility provisions	(23,950)	(26,270)
Total current	256,651	249,341

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.

The most significant balances in currencies other than the euro at 31 December 2021 and 2020 are:

	Thousands of euros	
	2021	2020
US dollar	67,464	99,671
Australian dollar	34,516	30,029
Pound sterling	6,958	8,339
South African rand	6,528	5,659
Canadian dollar	5,472	5,413
Arab Emirate dirham	5,936	5,226
Chinese renminbi	10,976	3,832
	137,850	158,169

Receivables from public administrations mostly relate to VAT receivable balances.

Movement in the valuation adjustments for impairment and bad debts for the twelve-month periods ended 31 December 2021 and 202 is as follows:

	Thousands of euros
Balance at 31 December 2019	27,073
Business combinations	249
Allocations for the year	6,970
Recoveries	(3,250)
Exchange gains/(losses)	(879)
Write-offs	(3,893)
Balance at 31 December 2020	26,270
Business combinations	904
Allocations for the year	7,987
Recoveries	(7,626)
Exchange gains/(losses)	237
Transfers to assets held for sale	(57)
Write-offs	(3,765)
Balance at 31 December 2021	23,950

16. **Equity**

A breakdown of consolidated equity and movement is shown in the consolidated statement of changes in equity.

- Share capital

At 31 December 2021, 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.

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. 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 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 2021 and 2020 is as follows:

Ownership percentage	31.12.2021	31.12.2020
Rhône Capital L.L.C.	11.47%	32.22%
Boyser, S.R.L.	7.59%	8.13%
Dispur, S.L.	7.11%	7.11%
Edrem, S.L.	6.93%	6.92%
Piumoc Inversions, S.A.U.	5.50%	5.50%
G3T, S.L.	5.00%	0.00%
Maveor, S.L.	5.00%	5.00%
Other shareholders	51.40%	35.12%
	100.00%	100.00%

- Share premium

This reserve can be freely distributed, except for what is mentioned in the section on Dividends and limitations on the distribution of dividends in this note.

- Legal reserve

  Pursuant to article 274 of the rewritten text 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.

  At 31 December 2021 and 2020 this legal reserve is fully funded.

- Parent company shares

  The movement in treasury shares during the twelve-month periods ended 31 December 2021 and 2020 is as follows:

		Euros	
	Number	Nominal value	Average acquisition/disposal price
Balances at 01.01.20	1,581,398	1,581,398	8.8527
Acquisitions	2,416,594	2,416,594	15.6149
Disposals	(1,454,254)	(1,454,254)	(15.0182)
Balances at 31.12.20	2,543,738	2,543,738	14.0899
Acquisitions	9,318,560	9,318,560	29.8281
Disposals	(6,065,987)	(6,065,987)	(31.6353)
Balances at 31.12.21	5,796,311	5,796,311	29.0687

  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.

  During the twelve months ended 31 December 2021 and 2020, translation differences have changed significantly due to the effect of US dollar denominated businesses.

- Dividends and limitations on the distribution of dividends

  The Parent Company's voluntary reserves at 31 December 2021 amounting to Euros 342,795 thousand (Euros 248,318 thousand at 31 December 2020), 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 2021 and 2020 is as follows:

	Thousands of euros	
	2021	2020
Basis of allocation:		
Profit/(loss) for the year	(29,870)	139,986
Distribution:		
To the legal reserve	-	-
To voluntary reserves	-	99,234
To interim dividend	-	40,752
To prior years' losses	(29,870)	-
Total	(29,870)	139,986

- 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 35).

  - 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.

In the twelve-month period ended 31 December 2021 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. The ratios for 2021 and 2020 have been determined as follows:

Total leverage ratio:

	Thousands of euros	
	2021	2020
Total consolidated assets	3,505,332	2,805,963
Total consolidated equity	1,622,433	1,428,040
Total leverage ratio	2.16	1.96

Net Financial Debt / EBITDA ratio:

	Thousands of euros	
	2021	2020
Bank borrowings and other marketable securities	997,998	691,115
Plus: Lease liabilities	167,667	114,148
Plus: Derivative financial instruments	7,372	17,518
Less: Cash and cash equivalents	(87,808)	(225,631)
Less: Non-current financial assets	(4,452)	(4,384)
Less: Other current financial assets	(10,794)	(10,867)
Less: Derivative financial instruments	(491)	(10)
Net financial debt	1,069,492	581,889
Ebitda (Note 35)	506,366	302,072
Net Financial Debt over Ebitda	2.11	1.93

- Non-controlling interests

In the twelve-month period ended 31 December 2021, movement in non-controlling interest has been as follows:

Company	Percentage of non-controlling interest	
	31.12.2021	31.12.2020
Fluidra SL D.O.O. (1)	40.00%	0.00%

(1) Newly-created company in the twelve-month period ended 31 December 2021.

An amount of Euros 18 thousand has been paid as a result of transactions derived from these variations.

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

Details of the most significant non-controlling interests at 31 December 2021 and 31 December 2020 are as follows:

			2021				
			Thousands of euros				
	Country	% of shareholding	Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,376	330	1,046	3,205	535
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	6,884	3,863	3,021	11,281	1,255
Fluidra Balkans JSC	Bulgaria	38.84	2,858	2,116	742	5,170	671
Fluidra Hellas, S.A.	Greece	13.036	944	265	679	1,292	147
Fluidra Kazakhstan Limited Liability Company	Republic of Kazakhstan	49	1,386	844	542	1,091	(45)

	Country	% of shareholding	2020 Thousands of euros Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,472	323	1,149	2,634	207
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	5,011	2,415	2,596	8,010	1,112
Fluidra Balkans JSC	Bulgaria	38.84	2,916	2,845	71	3,909	202
Fluidra Hellas, S.A.	Greece	13.036	844	201	643	1,046	110
Fluidra Kazakhstan Limited Liability Company	Republic of Kazakhstan	49	1,378	820	558	2,519	393

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

17. Earnings/(losses) per share

a) Basic earnings

Basic earnings/(losses) per share 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 periods ended 31 December 2021 and 2020, excluding own shares.

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

	31.12.2021	31.12.2020
Profit/(loss) for the period attributable to equity holders of the Parent (thousands of euros)	252,363	96,388
Weighted average number of ordinary shares outstanding	190,552,025	193,933,352
Basic earnings/(losses) per share from continuing operations (euros)	1.32438	0.49702

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	
	31.12.2021	31.12.2020
Ordinary shares outstanding at 1 January	195,629,070	195,629,070
Effect of changes in treasury shares	(5,077,045)	(1,695,718)
Weighted average number of ordinary shares outstanding at 31 December	190,552,025	193,933,352

b) Diluted

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. <u>Provisions</u>

A breakdown of Other provisions is as follows:

	Thousands of euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Guarantees	-	50,830	-	37,602
Provisions for taxes	107	-	-	-
Provisions for obligations with employees	9,132	-	7,941	-
Litigation and other liabilities	3,795	-	5,695	-
Total	13,034	50,830	13,636	37,602

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.

According to the IFRIC 23 interpretation issued by the IASB, Provisions for taxes related to income tax have been reclassified to Current income tax liabilities under Trade and other payables.

Movement in the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Guarantees	Provisions for obligations with employees	Litigation and other liabilities	Provision for taxes	Total
At 1 January 2020	28,437	8,511	2,765	130	39,843
Business combinations	546	380	386	-	1,312
Allocations	11,891	944	4,287	5,871	22,993
Payments / disposals	-	(195)	-	(130)	(325)
Applications	(1,902)	(1,378)	(1,906)	(546)	(5,732)
Transfers	-	(129)	306	(5,325)	(5,148)
Exchange gains/(losses)	(1,370)	(192)	(143)	-	(1,705)
At 31 December 2020	37,602	7,941	5,695	-	51,238
Business combinations	2,825	-	5	-	2,830
Allocations	10,127	2,651	340	107	13,225
Payments / disposals	-	(368)	(154)	-	(522)
Applications	(1,812)	(1,265)	(1,155)	-	(4,232)
Transfers	-	(21)	(1,042)	-	(1,063)
Exchange gains/(losses)	2,088	194	106	-	2,388
At 31 December 2021	50,830	9,132	3,795	107	63,864

19. Bank borrowings and other marketable securities

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

	Thousands of Euros	
	2021	2020
Non-current borrowings	696,041	670,939
Bank borrowings	-	163
Total non-current	696,041	671,102
Bank loans	135,044	801
Other marketable securities	120,004	-
ABL credit facility	41,704	174
Non-current borrowings	5,093	4,795
Bank borrowings	112	14,243
Total current	301,957	20,013
Total bank borrowings and other marketable securities	997,998	691,115

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 Tranche amounting to AUD 75 million.
- Multi-currency revolving credit facility amounting to Euros 130 million.
- ABL multi-currency 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.

On 28 January 2020, the terms of the loan agreements were renegotiated for the Euro and USD tranches of the long-term loan and the revolving multi-currency credit facility, leaving the remaining refinancing conditions unaltered.

This financing entailed:

1. The voluntary partial repayment of Euros 90 million on the long-term Euro loan tranche with a 75 basis point decrease on the interest rate.

2. The voluntary repayment of USD 66.5 million on the long-term USD loan tranche with a 25 basis point decrease on the interest rate spread.

Based on the repricing of interest rates already index-linked to the Euribor, Libor or BBSY at 1 month, they were reduced from spreads ranging between 2.25% and 3.75% depending on the tranche and currency, to ranging between 2% and 3.75%; the revolving credit facility dropped from 2% and 2.5% based on the leverage ratio to a spread of between 1.5% and 2%; and for the ABL there is a margin of between 1.5% 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 assigned asset base or the total facility is drawn down over five consecutive days.

These loans and facilities are subject to arrangement and issuance fees, and an availability commission in the case of credit facilities. The expenses incurred in the repricing have been added to those initially included in the aforementioned refinancing of 2 July 2018.

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 June 2021 the scheme was extended for a further year and for Euros 150 million. There is a debt amount at 31 December 2021 of Euros 120 million (there was no debt amount at 31 December 2020).

No loans have been signed during the twelve-month period ended 31 December 2021.

The most significant balances in currencies other than the euro at 31 December 2021 and 2020 are:

	Thousands of Euros	
	2021	2020
US dollar	610,717	346,335
Australian dollar	46,039	45,620
South African rand	11	1,126
Pounds sterling	28	-
Other currencies	3,880	1,517
	660,675	394,598

The Group has the following credit and discount facilities at 31 December 2021 and 2020:

	Thousands of euros			
	2021		2020	
	Drawn down	Limit	Drawn down	Limit
Credit facilities	135,044	210,302	801	260,831
ABL credit facility	41,704	203,073	174	187,434
Discounting facilities	-	6,000	-	6,000
	176,748	419,375	975	454,265

At 31 December 2021 and 2020, 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	2021	2020
Under one year	5,205	19,038
At 2 years	2,579	3,720
At 3 years	4,219	3,539
At 4 years	689,243	3,714
At 5 years	-	660,129
	701,246	690,140

In the twelve-month periods ended 31 December 2021 and 2020, the interest rate on all the loans taken out by the Group is renewed on a month, quarterly, six-monthly 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 712,873 thousand (versus a carrying amount of Euros 701,246 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 01.01.21	Non-monetary changes: Cash flows	Business combinations/Sale of companies	Accumulated interest	Exchange rate movement	New leases	Transfers	Balances at 31.12.21
Non-current borrowings	675,734	(7,121)	-	3,535	28,986	-	-	701,134
Non-current bank borrowings	163	(12,294)	5,645	19	-	-	6,467	-
Current bank borrowings	14,243	(58,832)	44,632	7	(1)	-	63	112
ABL credit facility	174	39,631	-	169	1,730	-	-	41,704
Current bank loans	801	126,650	7,593	-	-	-	-	135,044
Other marketable securities	-	120,004	-	-	-	-	-	120,004
	691,115	208,038	57,870	3,730	30,715	-	6,530	997,998
Lease liabilities	114,148	(26,238)	32,829	-	5,042	42,800	(914)	167,667
Cash and cash equivalents	225,631	(143,397)	-	-	7,884	-	(2,310)	87,808

	Balances at 1.1.20	Non-monetary changes: Cash flows	Business combinations/Sale of companies	Accumulated interest	Exchange rate movement	New leases	Transfers	Balances at 31.12.20
Non-current borrowings	864,177	(158,247)	-	(103)	(30,093)	-	-	675,734
Non-current bank borrowings	312	(394)	136	145	402	-	(438)	163
Current bank borrowings	2,657	10,491	899	158	(350)	-	388	14,243
ABL credit facility	5,797	(5,504)	-	84	(203)	-	-	174
Current bank loans	5,954	(5,153)	-	-	-	-	-	801
Discounting facilities	-	(310)	310	-	-	-	-	-
	878,897	(159,117)	1,345	284	(30,244)	-	(50)	691,115
Lease liabilities	121,760	(20,328)	(483)	-	(4,272)	16,569	902	114,148
Cash and cash equivalents	242,240	(7,713)	931	-	(9,827)	-	-	225,631

20. Trade and other payables

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

	Thousands of euros	
	2021	2020
Debt from sales and services rendered	288,301	209,449
Other debt	931	1,041
Liabilities arising on business acquisitions / Suppliers of assets	4,509	15,300
Public entities	21,303	20,373
Current income tax liabilities	30,749	31,897
Remuneration payable	66,446	41,636
	412,239	319,696

At 31 December 2021 the Liabilities arising as a result of business acquisitions/Suppliers of fixed assets caption include Euros 1,105 thousand corresponding to the current amount payable for the purchase of the non-controlling interest I.D. Electroquímica, S.L.

Furthermore, it also includes Euros 200 thousand arising from the contingent liability on the acquisition of Riiot Labs NV/SA. In the twelve-month period ended 31 December 2021, the fair value of this contingent consideration has been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 9 thousand under Losses on the fair value of financial instruments.

Lastly, the item also includes Euros 500 thousand relating to the current deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

At 31 December 2020, the Liabilities arising on business acquisitions/ Suppliers of fixed assets caption includes Euros 7,902 thousand from the cross put/call options with the minority shareholder of the company SIBO Fluidra Netherlands B.V., which could be exercised between 1 January 2021 and 30 June 2021. In the twelve-month period ended 31 December 2020, the fair value of these cross put/call options with the minority shareholder were re-estimated, recording Euros 331 thousand under the Gains on the fair value of financial instruments heading.

The same item also includes Euros 3,509 thousand corresponding to the best estimate of the fair value of the current consideration arising on the acquisition of Fabtronics Australia Pty, Ltd. At 31 December 2020, the fair value of this contingent consideration was remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 734 thousand under Gains on the fair value of financial instruments.

Furthermore, Euros 850 thousand is included arising from the purchase commitment with the minority interest of Agrisilos, S.R.L. In the twelve-month period ended 31 December 2020, the fair value of this purchase commitment was remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 859 thousand under Losses on the fair value of financial instruments.

Lastly, the item also includes Euros 500 thousand relating to one of the non-current deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

The most significant balances in currencies other than the euro at 31 December 2021 and 2020 are as follows:

Debt from sales and services rendered

	Thousands of euros	
	2021	2020
US dollar	142,855	114,963
Australian dollar	32,530	19,694
Chinese renminbi	25,184	7,427
Pound sterling	9,963	8,699
South African rand	9,836	6,298
	220,368	157,081

Balances payable to Public Entities are as follows:

	Thousands of euros	
	2021	2020
Tax payables to tax authorities		
VAT	9,183	9,641
Withholdings	2,796	2,411
Social Security payable	8,678	7,332
Other	646	989
	21,303	20,373

21. Other non-current liabilities

A breakdown of non-current liabilities is as follows:

	Thousands of euros	
	2021	2020
Liabilities on acquisitions of businesses	5,394	11,401
Other	4,524	7,201
Total	9,918	18,602

At 31 December 2021 the Liabilities arisen as a result of business acquisitions caption include Euros 4,404 thousand corresponding to the non-current amount payable for the purchase of the non-controlling interest I.D. Electroquímica, S.L.

Furthermore, it also includes Euros 490 thousand arising from the contingent liability on the acquisition of Riiot Labs NV/SA.

Lastly, the item also includes Euros 500 thousand relating to the deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

At 31 December 2020 the Liabilities arisen as a result of business acquisitions caption includes Euros 5,227 thousand corresponding to the non-current amount payable for the early execution of the sales option by the minority shareholders of I.D. Electroquímica, S.L.

The same item also includes Euros 4,176 thousand arising from the crossed put/call options with the minority shareholders of Fabtronics Australia Pty, Ltd.

Furthermore, it also includes Euros 998 thousand arising from the contingent liability on the acquisition of Riiot Labs NV/SA. In the twelve-month period ended 31 December 2020, the fair value of this contingent consideration was remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 125 thousand under Gains on the fair value of financial instruments.

Lastly, the item also includes Euros 1,000 thousand relating to the non-current deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

22. **Risk management policy**

Exposure to and controls over credit, liquidity, foreign exchange and interest rate risk are detailed below.

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, Italy and Morocco, 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 customer accounts for a significant percentage of total sales for the year.

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 2021 and 2020:

	2021	2020
Not due	142,528	189,280
Past due	43,137	21,073
0 - 90 days	39,906	17,465
90 - 120 days	2,182	2,095
More than 120 days	1,049	1,513

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 of various types, both long term structural and bilateral.

The table below shows the Group's exposure to liquidity risk at 31 December 2021 and 2020. The table below shows an analysis of financial liabilities by contractual maturity:

	2021					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	Over 5 years
Bank borrowings and other marketable securities	334,102	29,681	32,266	709,380	-	-
Capital	301,957	2,579	4,219	689,243	-	-
Interest	32,145	27,102	28,047	20,137	-	-
Lease liabilities	36,450	31,880	26,547	22,828	19,472	64,417
Capital	31,141	26,888	22,232	19,126	16,331	51,949
Interest	5,309	4,992	4,315	3,702	3,141	12,468
Derivative financial liabilities	181	7,191	-	-	-	-
Trade and other payables	412,239	-	-	-	-	-
Other non-current liabilities	-	2,907	2,435	2,621	338	1,617
	782,972	71,659	61,248	734,829	19,810	66,034

	2020					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	Over 5 years
Bank borrowings and other marketable securities	46,792	29,185	28,871	29,084	670,872	-
Capital	20,013	3,720	3,539	3,714	660,129	-
Interest	26,779	25,465	25,332	25,370	10,743	-
Lease liabilities	27,323	25,486	22,339	18,207	15,466	31,496
Capital	22,454	20,803	18,275	14,720	12,496	25,400
Interest	4,869	4,683	4,064	3,487	2,970	6,096
Derivative financial liabilities	1,531	15,987	-	-	-	-
Trade and other payables	319,696	-	-	-	-	-
Other non-current liabilities	-	10,130	5,074	1,380	1,695	323
	395,342	80,788	56,284	48,671	688,033	31,819

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.

See note 36 Subsequent events regarding 2022 refinancing.

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 for USD risks outside the American market. 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 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.

The main balances in currencies other than the euro are described in Notes 15, 19 and 20 to these interim condensed 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 monthly), the difference between fixed interest and floating interest calculated on the notional principal agreed upon.

If interest rates at 31 December 2021 had been 25 basis points higher or lower, all other variables held constant, consolidated profit before tax would have been Euros 1,851 thousand lower or higher (Euros 1,556 thousand in 2020), 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.

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.

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	
	31.12.2021	31.12.2020
Purchase of raw and related materials	1,138,379	719,825
Changes in inventories of raw materials, finished products and work in progress and goods	(107,638)	(17,819)
Net charge to the provision for obsolescence	683	47
Total	1,031,424	702,053

24. Sales of goods and finished products

The breakdown of sales of goods and finished products by business unit in the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Residential	1,660,118	1,072,898
Commercial	111,393	90,220
Water treatment	255,697	201,907
Fluid handling	108,305	81,868
Pool & Wellness	2,135,513	1,446,893
Irrigation, Industrial and Other	51,406	41,215
Total	2,186,919	1,488,108

In the twelve-month period ended 31 December 2021, the Commercial Pool sales caption included Euros 13,167 thousand (Euros 8,583 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.

The breakdown of sales of goods and finished products by geographical region (country of destination) in the twelve-month periods ended 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Southern Europe	600,726	458,694
Rest of Europe	379,703	284,953
North America	890,786	486,309
Rest of the world	315,704	258,152
Total	2,186,919	1,488,108

At 31 December 2021, there is one client in the US that represents sales to third parties of 19.85% of total sales (15.22% at 31 December 2020).

25. Income from the rendering of services

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

26. Personnel expenses

A breakdown of personnel expenses in the twelve months ended 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Wages and salaries	290,181	216,682
Termination benefits	6,583	2,228
Social security expense	47,101	40,385
Other employee benefits expense	19,866	13,141
	363,731	272,436

The average headcount during the twelve-month periods ended 31 December 2021 and 2020 by professional category is as follows:

	31.12.2021	31.12.2020
Management	96	115
Sales, logistics and production staff	5,261	4,480
Administration and purchasing staff	1,067	905
	6,424	5,500

The average number of employees with a disability equal to or greater than 33% during the twelve-month period ended 31 December 2021 is 55 employees (46 employees in the same period of 2020), with 46 of them belonging to the “sales, logistics and production” category and the other 9 to “administration and purchasing staff” (39 and 7, respectively, in the prior year).

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

	31.12.2021		31.12.2020	
	Male	Female	Male	Female
Directors (*)	10	2	11	1
Management	85	13	95	14
Sales, logistics and production staff	3,893	1,844	3,052	1,365
Administration and purchasing staff	590	568	468	440
	4,578	2,427	3,626	1,820

(*) Senior managers are included in the Director category.

27. Other operating expenses

A breakdown of other operating expenses is as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Leases and fees	11,897	11,072
Repairs and maintenance	28,838	20,119
Independent professional services	40,376	28,335
Temporary employment agency expenses	33,253	18,065
Commissions	13,794	7,154
Sales transportation and logistics services	101,684	71,174
Insurance premiums	6,443	4,872
Bank services	2,931	1,330
Advertising and publicity	26,214	17,164
Utilities	15,951	11,470
Communications	5,411	4,744
Travel expenses	10,203	10,386
Taxes	3,459	3,545
Adjustments due to impairment of receivables	361	3,720
Guarantees	18,288	20,907
Other (*)	13,414	14,732
	332,517	248,789

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

28. Finance income and costs

A breakdown of finance income and costs is as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Finance income		
Other finance income	784	5,318
Gains on the fair value of financial instruments	1,828	2,060
Total finance income	2,612	7,378
Finance cost		
Non-current interest on loans	(28,760)	(31,463)
Interest on debt (leasing, loans, policies and bills discounting)	(1,855)	(2,068)
Other finance costs	(1,687)	(2,033)
Losses on the fair value of financial instruments	(2,739)	(1,870)
Impairment losses on financial assets at amortised cost other than trade and other receivables	(342)	(493)
Total finance cost	(35,383)	(37,927)
Right-of-use finance cost	(5,465)	(4,861)
Exchange gains/(losses)		
Exchange gains	31,817	23,726
Exchange losses	(37,760)	(33,386)
Total exchange gains / (losses)	(5,943)	(9,660)
Net profit / (loss)	(44,179)	(45,070)

At 31 December 2020, the Gains on the fair value of financial instruments caption includes Euros 2,054 thousand corresponding to the estimate at fair value of the contingent liabilities derived from acquisitions in the current and prior years.

At 31 December 2021, the entire Losses on the fair value of financial instruments heading relates to the estimate at fair value of the contingent liabilities arising on the acquisitions in prior years (this includes Euros 859 thousand at 31 December 2020).

29. Deferred taxes and Income tax

In 2021, the Group has availed itself of the consolidated tax return scheme using six tax sub-groups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, Fluidra Services Italia, S.R.L., ZPES Holdings, S.A.S. and Fluidra Holdco North America, Inc. The parent of each sub-group is the tax consolidation parent company which is responsible for making the relevant 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.
Industrias Mecánicas Lago, S.A.U.
Inquide, 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.
Innodrip, S.L.U.
I.D. Electroquímica, S.L.U.
Fluidra Finco, S.L.U.

Zodiac Pool Solutions, LLC (23.26%)

Zodiac Pool Systems, LLC
Cover Pools Incorporated
Fluidra Latam Export LLC
Fluidra USA, LLC

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. (28%)

Fluidra Commercial France, S.A.S.
Fluidra Industry France, S.A.S.
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.

Fluidra Holdco North America, Inc (24.33%) (*)

Del Ozone Holding Company, Inc (*)
Del Industries, Inc (*)
Del Agricultural, Inc (*)
CMP Holdco, Inc (*)
SR Smith, LLC (*)

(*) Companies that joined the tax sub-group in the twelve-month period ended 31 December 2021.

The Company and the remaining subsidiaries (except for Fluidra Middle East FZE) are required to file an annual corporate income tax return.

Details of deferred tax assets and liabilities according to their nature are as follows:

	Thousands of euros					
	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
Property, plant and equipment and property investment	3,568	3,379	9,315	5,374	(5,747)	(1,995)
Provision for guarantees	9,428	6,740	-	-	9,428	6,740
Provision for obligations with employees	8,263	4,366	-	-	8,263	4,366
Impact of IFRS 15	7,402	4,241	-	-	7,402	4,241
R&D expenses	349	319	2,956	2,669	(2,607)	(2,350)
Contractual relations and customer portfolio	798	788	112,980	93,727	(112,182)	(92,939)
Trademarks and patents	3,696	1,372	60,259	43,164	(56,563)	(41,792)
Inventories	13,074	7,230	3,606	2,356	9,468	4,874
Provision for obsolete inventories	893	914	-	-	893	914
Impairment of receivables	3,178	2,634	-	-	3,178	2,634
Other provisions	24,108	14,885	-	-	24,108	14,885
Tax credit for unused tax loss carryforwards and deductions	27,227	35,350	-	-	27,227	35,350
Goodwill	-	-	7,101	6,421	(7,101)	(6,421)
Transaction costs	1,282	223	-	-	1,282	223
Deferred taxation of dividends	-	-	11,855	-	(11,855)	-
Other items	7,814	7,948	13,866	11,654	(6,052)	(3,706)
	111,080	**90,389**	**221,938**	**165,365**	**(110,858)**	**(74,976)**

Details of changes in net deferred assets and liabilities are as follows:

	Thousands of euros						
	31.12.2020	Losses and gains	Effect of interest rate change on P&L	Equity	Business combinations	Exchange gains/(losses) / Other	31.12.2021
Property, plant and equipment and property investment	(1,995)	(1,426)	(101)	-	(2,121)	(104)	(5,747)
Provision for guarantees	6,740	1,654	86	-	408	540	9,428
Provision for obligations with employees	4,366	3,842	(28)	-	-	83	8,263
Impact of IFRS 15	4,241	2,581	110	-	-	470	7,402
R&D expenses	(2,350)	386	(1)	-	(409)	(233)	(2,607)
Contractual relations and customer portfolio	(92,939)	12,809	(65)	-	(23,681)	(8,306)	(112,182)
Trademarks and patents	(41,792)	(630)	(106)	-	(11,803)	(2,232)	(56,563)
Inventories	4,874	3,899	4	-	691	-	9,468
Provision for obsolete inventories	914	7	7	-	-	(35)	893
Impairment of receivables	2,634	292	16	-	197	39	3,178
Other provisions	14,885	5,116	240	-	2,786	1,081	24,108
Tax credit for unused tax loss carryforwards and deductions	35,350	(9,654)	-	-	-	1,531	27,227
Goodwill	(6,421)	(428)	12	-	-	(264)	(7,101)
Transaction costs	223	220	13	-	657	169	1,282
Deferred taxation of dividends	-	(11,855)	-	-	-	-	(11,855)
Other items	(3,706)	(1,357)	(223)	(2,105)	2,226	(887)	(6,052)
Total	(74,976)	5,456	(36)	(2,105)	(31,049)	(8,148)	(110,858)

	Thousands of euros						
	31.12.2019	Losses and gains	Effect of interest rate change on P&L	Equity	Business combinations	Exchange gains/(losses) / Other	31.12.2020
Property, plant and equipment and property investment	(3,099)	735	(21)	-	-	390	(1,995)
Provision for guarantees	4,434	2,377	47	-	-	(118)	6,740
Provision for obligations with employees	2,500	1,467	-	-	-	399	4,366
Impact of IFRS 15	4,469	120	40	-	-	(388)	4,241
R&D expenses	(2,994)	371	(25)	-	-	298	(2,350)
Contractual relations and customer portfolio	(113,798)	13,354	(772)	-	-	8,277	(92,939)
Trademarks and patents	(43,971)	622	(199)	-	(1,875)	3,631	(41,792)
Inventories	3,295	1,424	(13)	-	-	168	4,874
Provision for obsolete inventories	1,148	(166)	-	-	-	(68)	914
Impairment of receivables	2,379	91	(13)	-	-	177	2,634
Other provisions	8,678	900	193	-	-	5,114	14,885
Tax credit for unused tax loss carryforwards and deductions	43,731	(9,518)	-	-	-	1,137	35,350
Goodwill	(6,237)	(220)	(11)	-	-	47	(6,421)
Transaction costs	5	4	(1)	-	-	215	223
Other items	3,894	(1,614)	(16)	466	-	(6,436)	(3,706)
Total	(95,566)	9,947	(791)	466	(1,875)	12,843	(74,976)

Based on the tax reform included in the General State Budget Act of 31 December 2020, which reduces dividend exemption to 95%, deferred taxes of Euros 11,855 have been recognised in Deferred taxation of dividends in line with the profit/(loss) for the year. The Group's policy in relation to distribution of subsidiary dividends to the parent corresponds to a policy of maximum distribution if the profit and financial situation allow, and therefore no distribution of reserves is expected in the future. The distribution of 2020 profit/(loss) was made in advance of the year-end closing and therefore the parent company did not recognise deferred tax for this item.

The items directly charged and credited to consolidated equity accounts for the year relate to hedging instruments amounting to Euros -2,105 thousand in 2021 (Euros 466 thousand in 2020 relating to hedging instruments).

The other deferred tax assets and liabilities recorded and reversed in 2021 and 2020 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 corporate income tax expense is as follows:

	Thousands of euros	
	2021	2020
Current tax		
For the year	102,315	48,346
Tax deductions	(5,263)	(3,327)
Prior years' adjustments	(2,445)	(2,916)
Provision for taxes (IFRIC 23)	(7,998)	5,743
Other/ Withholding at source on income earned abroad	332	428
Deferred taxes		
Origin and reversal of temporary differences	(15,110)	(19,465)
Tax credit for unused tax loss carryforwards and deductions	9,654	9,518
Effect of the change in the tax rate	36	791
Total income tax expense	81,521	39,118

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

	Thousands of euros	
	2021	2020
Current tax	97,052	45,019
Withholdings and payments made on account during the year	(77,600)	(28,719)
Other	(1,843)	(1,462)
Transfer of provisions as per IFRIC 23	2,860	10,123
Exchange gains/(losses)	(86)	(718)
Additions from business combinations	518	183
Liabilities derecognised due to the sale of Group companies	-	34
Tax payable in 2020	(6,469)	-
Tax payable in 2019	-	(1,067)
	14,432	23,393

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

	Thousands of euros	
	2021	2020
Profit for the year before tax from continuing operations	337,489	139,021
Profit at 25%	84,372	34,755
Effect of applying effective tax rates in other countries	(6,027)	311
Permanent differences	12,505	2,680
Offsetting of unrecognised loss carryforwards from prior years	(1,812)	(1,474)
Tax effect of unused loss carryforwards in current year	940	1,253
Differences in the income tax expense from prior years	(2,445)	(2,916)
Withholding at source on income earned abroad	332	428
Provision for taxes	(7,998)	5,743
Tax deductions generated in the year	(5,263)	(3,327)
Effect of the change in the tax rate	36	791
Other	6,881	874
Income tax expense	81,521	39,118

Deferred tax assets related to unused tax loss carryforwards and unused tax credits recorded in the consolidated financial statements of the Group at 31 December 2021 and 2020 are as follows:

	Thousands of euros	
	2021	2020
Deductions	38	1,016
Tax loss carryforwards	27,189	34,334
	27,227	35,350

The Group only recognises deductions and tax loss carryforwards for which recovery is considered probable. In the twelve months ended 31 December 2021, tax loss carryforwards and deductions amounting to Euros 9,654 thousand and capitalised in prior years were utilised (Euros 9,518 thousand in 2020). In the twelve-month periods ended 31 December 2021 and 2020, no deductions or tax loss carryforwards have been capitalised.

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. At 31 December 2021, Euros 26,275 have not yet been utilised.

The amounts and periods of reversal for the capitalised deductions at 31 December 2021 are as follows:

Years	Thousands of euros	Last year
2010-2015	38	No time limit
	38	

The amounts and timings of the reversal of capitalised tax loss carryforwards at 31 December 2021 are as follows:

Years	Thousands of euros	Last year
2012-2016	27,176	No time limit
2017	13	No time limit
	27,189	

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

	Thousands of euros	
	2021	2020
Deductions	136	3,254
Tax loss carryforwards	6,393	9,597
	6,529	12,851

The amounts and timings of the reversal of uncapitalized deductions at 31 December 2021 are as follows:

Years	Thousands of euros	Last year
2005-2017	136	2020-2035
	136	

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

Year	Thousands of euros	Last year
2002-2018	40	2021-2037
2019	2,447	2021-2038
2020	3,398	2021-2039
2002-2020	17,065	No time limit
	22,950	

The companies Fluidra Commerciale Italia, S.P.A., Zodiac Pool Solutions, LLC, Fluidra Commercial España, S.A.U., W.I.T. Egypt, Egyptian Limited Liability Company, Zodiac Pool Care Europe, S.A.S., Zodiac Pool Care South Africa PTY Ltd. and Fluidra Portugal, Lda. are currently undergoing inspections which are not expected to result in significant liabilities for the Fluidra Group.

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

Tax	Open tax periods
Corporate income tax	From 2017 to 2021
Value added tax	From 2018 to 2021
Personal income tax	From 2018 to 2021
Tax on Economic Activities	From 2018 to 2021

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 certificate of acceptance with regard these inspections was signed on 27 February 2020. The Tax Authorities did not make any adjustments and have refunded the amount charged, along with the corresponding interest in arrears.

The Company's Directors consider that, if there were additional inspections to the ones already mentioned, the possibility of additional contingent liabilities arising is remote and, the additional tax payable, if any, would not have a significant impact on the interim condensed consolidated financial statements of the Group taken as a whole.

30. 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			
	31.12.2021		31.12.2020	
	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	481	-	319	-
Receivables	36	-	21	-
Suppliers	-	1,095	-	705
Payables	-	-	-	-
Total current	517	1,095	340	705

a) Consolidated Group transactions with related parties

Current related-party transactions relate 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 properties 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 other amounting to Euros 225 thousand in the year ended 31 December 2021 (Euros 1,895 thousand in the year ended 31 December 2020).
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			
	31.12.2021		31.12.2020	
	Associates	Related parties	Associates	Related parties
Sales	976	1,754	856	1,153
Income from services	176	176	94	166
Purchases	(310)	(6,774)	(194)	(4,354)
Lease payments / expenses for services and other	-	(269)	-	(1,934)

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	
	2021	2020
Total key management personnel	6,654	5,620
Total Directors of the Parent Company	6,596	6,814

The members of the Parent Company's Board of Directors have earned a total of Euros 1,214 thousand in 2021 (Euros 1,216 thousand in 2020) from the consolidated companies in which they act as board members. In addition, for the performance of executive duties, they have earned a total of Euros 5,262 thousand in 2021 (Euros 5,478 thousand in 2020). Executive duties include payments 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 in compensation for travel expenses in 2021 (Euros 120 thousand in 2020).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 48 thousand for the twelve-month period ended 31 December 2021 (Euros 92 thousand in 2020). These life insurance policies consist in an income supplement in the event of total permanent invalidity.

Furthermore, the Company has made contributions to benefit and pension plans of Euros 114 thousand (Euros 111 thousand in 2020).

During the twelve-month period ended 31 December 2021, civil liability insurance premiums for all the Group's directors to cover damages arising from the performance of duties during the year have been paid amounting to Euros 172 thousand (Euros 91 thousand in 2020).

The Group's key management includes the executives that answer directly to the Board of Directors or the Company's CEO as well as the internal auditor.

On 27 June 2018 the General Meeting of Shareholders approved a 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 2021 the best estimate of the fair value of the plan's total amount comes to approximately Euros 51,460 thousand, which will be settled in full in equity instruments. At 31 December 2021, an equity increase was recorded in this respect for the amount of Euros 24,332 thousand (Euros 6,889 thousand at 31 December 2020).

Furthermore, 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:

- Share units 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.

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 2021, an equity increase was recorded in this respect for the amount of Euros 1,396 thousand, net of the tax effect (Euros 2,202 thousand at 31 December 2020).

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

In the twelve-month periods ended 31 December 2021 and 2020, 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) Conflicts 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.

31. Environmental information

The significant systems, equipment or installations incorporated into property, plant, and equipment at 31 December 2021 and 2020 for the purpose of minimising environmental impact and protecting and improving the environment are as follows:

	2021		
	Thousands of euros		
	Cost	Accumulated amortisation	Net carrying amount
Waste treatment	1,140	(953)	187
Energy savings	3,205	(1,549)	1,656
Reduction in emissions	1,445	(665)	780
Reduction in pollution	603	(581)	22
	6,393	(3,748)	2,645

	2020		
	Thousands of euros		
	Cost	Accumulated amortisation	Net carrying amount
Waste treatment	3,234	(3,071)	163
Energy savings	2,969	(1,495)	1,474
Reduction in emissions	1,303	(764)	539
Reduction in pollution	659	(624)	35
	8,165	(5,954)	2,211

Expenses incurred in the twelve-month periods ended 31 December 2021 and 2020 for the protection and improvement of environment were as follows:

	Thousands of euros	
Description of expenses	2021	2020
External services	522	383
Environmental protection	293	203
	815	586

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 2021 and 2020.

No grants in connection with environmental activities have been received at 31 December 2021 and 2020.

32. Other commitments and contingencies

At 31 December 2021 and 2020 the Group has not presented any mortgage guarantees.

At 31 December 2021, the Group has guarantees with financial institutions and other companies amounting to Euros 5,523 thousand (Euros 6,950 thousand in 2020), of which Euros 201 thousand relate to technical guarantees (Euros 1,266 thousand in 2020).

33. 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 2021 and 2020 for professional services were as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Audit services	836	571
Other assurance services	75	69
Total	911	640

Other assurance services includes: the report on the system of internal control over financial reporting (SCIIF), the ECOEMBES reports, the review report on royalties, the review report on non-financial information, the integrated review report and the review of the financial reports of certain R+D projects.

The amounts detailed in the above tables include the total fees for services rendered in the twelve-month periods ended 31 December 2021 and 2020, irrespective of the date of invoice.

Additionally, the professional services invoiced to the Group by other companies associated to Ernst & Young Global Limited during the year ended 31 December 2021 and 2020 were as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Audit services	864	833
Other assurance services	26	-
Total	890	833

Other assurance services for the twelve months ended 31 December 2021 includes certain work related to certificates issued upon legal requirement in certain corporate transactions of the French and Belgian subsidiaries.

Additionally, net fees accrued by the Group to auditors other than Ernst & Young, S.L. during the year ended 31 December 2021 and 2020 for professional services were as follows:

	Thousands of euros	
	31.12.2021	31.12.2020
Audit services	152	139
Other assurance services	61	17
Tax advisory services	33	107
Total	246	263

34. 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:

	2021	2020
	Days	Days
Average payment period to suppliers	65.92	66.27
Transactions paid ratio	67.50	70.01
Transactions outstanding ratio	54.61	34.90
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	562,026	394,461
Total payments outstanding	78,452	47,021

35. EBITDA

The consolidated income statement shows the amount relating to EBITDA, whose definition for the purpose of these interim condensed consolidation 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 – Personnel expenses – Other operating expenses + Share in profit/(loss) for the year from investments accounted for using the equity method.

Calculation of EBITDA for 2021 and 2020	Thousands of euros	
	31.12.2021	31.12.2020
Sales of goods and finished products	2,186,919	1,488,108
Income from services rendered	31,659	22,752
Work performed by the Group and capitalised as non-current assets	15,106	14,848
Profit/(loss) from sales of fixed assets	349	(386)
Change in inventories of finished products and work in progress and raw material supplies	(1,031,424)	(702,053)
Personnel expenses	(363,731)	(272,436)
Other operating expenses	(332,517)	(248,789)
Share in profit/(loss) for the year from investments accounted for using the equity method	5	28
EBITDA	506,366	302,072

36. Subsequent events

On 27 January 2022 Fluidra cancelled the non-current loans in its three tranches (Euro, USD and AUD), the revolving credit line and the ABL credit line that were signed on 2 July 2018 (see Note 19).

To meet the financial needs arising from this cancellation, the Group has signed a non-current loan with two tranches (Euro and USD) and a revolving credit line. The terms of the non-current loans and the credit line are linked to environmental objectives.

The new non-current loans consist of a USD 750 million tranche at SOFR (Secured Overnight Funding Rate) plus a spread of 200 basis points and a Euros 450 million tranche at Euribor plus a spread of 225 basis points, maturing in 2029. The new revolving credit line is for Euros 450 million and is valid until 2027.

This transaction does not increase net debt and Moody's and Standard & Poor's have kept Fluidra's credit ratings at Ba2 and BB+, respectively.

.

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 marketing of swimming-pool materials.

- Aqua Sun Zone, LLC, domiciled in Newnan, Georgia (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Astral Aqua Design 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 Modletice-Doubravice (Czech Republic), is mainly engaged in the marketing of pool accessories.

- Astral India Private, Limited, domiciled in Chennai (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 Wang Chai (Hong Kong), is mainly engaged in the marketing of pool, water treatment and irrigation products.

- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool, spa and irrigation products.

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

- Bobe Water and Fire, LLC, domiciled in Phoenix, Arizona (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Century Composites of Georgia, LLC, domiciled in Newnan, Georgia (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- 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 and distribution of plastic material by injection systems or similar and, in particular, plastic parts for valves and the manufacture of plastic injection molds.

- Certikin International, Limited, domiciled in Witney Oxford (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.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- CMP Holdco Inc, domiciled in Newnan, Georgia (United States), is mainly engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- CMP Pool & Spa (Shanghai) Co, LTD, domiciled in Shanghai (China), is mainly engaged in production and processing of thermoplastic products, thermosetting plastics and related metal / support products, rubber products and electronic luminescent products supporting plastic products, cables, power devices and engines, a variety of plastic pump and valve products, control products, sales of the company's products manufactured in-house; the import and export, wholesale and other ancillary services related to the above products and their similar goods.

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

- Custom Molded Products, LLC, domiciled in Newnan, Georgia (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Custom Molded Products Shanghai, Inc., domiciled in Shanghai (China) is essentially engaged in the sale of bathroom equipment, plastic products, rubber products, electronic products and metal materials as well as the import and export of goods and technology.

- Del Agricultural, Inc, domiciled in San Luis Obispo, California (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Del Industries,Inc, domiciled in San Luis Obispo, California (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Del Ozone Holding Company, Inc, domiciled in San Luis Obispo, California (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Fabtronics Australia Pty Ltd, established in Braeside, Australia, has as its object the design and sale of electronic components.

- 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. It owns 100 % of the capital of Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd, and 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. (absorbing company of AYW concept SRL and Pentagone APCD, SRL), domiciled in Courcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool 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 BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in selling swimming pool products.

- Fluidra Brasil Indústria e Comércio LTDA (absorbing company of Ten four Industria e Serviços 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., domiciled in Sant Cugat del Vallés (Barcelona, Spain), is engaged in the manufacture, purchase, sale and distribution of all kinds of machinery, filters, instruments, accessories and specific products for swimming-pools, as well as for the treatment and purification of water in general, irrigation and fluid conduction, made of both metallic materials and all kinds of plastic materials and their transformation; as well as the construction and manufacture of all kinds of elements and products that can be manufactured with fibreglass, metal, vacuum thermoformed materials or injected materials.

- Fluidra Comercial 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 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., (absorbing company of Fluidra Industry España, S.A.U. And Fluidra JV Youli S.L.U.) domiciled in Sant Cugat del Vallés (Barcelona, Spain) is engaged, among other things, 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 Commerciale Italia, S.P.A. (absorbing company of ME2000 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 Cyprus, LTD, domiciled in Limassol, (Cyprus), is essentially engaged in the import, export, manufacture, purchase and sale and distribution of all types of product specifically for pools, saunas or similar products.

- Fluidra Deutschland, GmbH (previously called Zodiac Pool Deutschland GmbH and absorbing company of Fluidra Deutschland GmbH from where it takes its name) domiciled in Großostheim (Germany), is mainly engaged in the distribution and sale of pool products and accessories.

- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.

- Fluidra Export, S.A.U., domiciled in Sant Cugat de Vallés (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, S.A.
AND SUBSIDIARIES

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

- Fluidra Finco, S.L.U., (absorbing company of Fluidra Industry, S.A.U. and Pischine Luxembourg Holdings 3 S.A.R.L.) domiciled in Sant Cugat del Vallés (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 Sant Cugat del Vallés (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution.

- Fluidra Group Australia Pty Ltd, domiciled in Smithfield (Australia), is mainly engaged in the manufacture, assembly and distribution of pool equipment and other related products.

- Fluidra Hellas, S.A. domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.

- Fluidra Holdco North America, Inc, domiciled in Carlsbad, California (United States), is mainly engaged in taking part in any legal act or activity whereby limited liability companies may be created under the law and to engage in any and all activities required or incidental thereto.

- Fluidra Holdings Australia Pty 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), has as its corporate purpose the import and distribution of products and equipment for swimming-pools, as well as chemical products and accessories.

- Fluidra Industry France, S.A.S., with registered offices in Perpignan (France), is mainly engaged in the manufacture of automatic covers for swimming pools of all types, as well as the purchase and sale of materials, accessories and products for swimming pools.

- 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 Selangor (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, S.A.
AND SUBSIDIARIES

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

- 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, domiciled in North Shore City (New Zealand), is engaged in the distribution and sale of pool material.

- Fluidra Nordic AB, domiciled in Källered (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products relating to swimming-pools, water treatment and irrigation.

- Fluidra Nordic A/S (formerly Fluidra Danmark A/S), domiciled in Rödekro (Denmark) is mainly engaged in the purchase, sale, import and export of product categories and products relating to swimming-pools, water treatment and irrigation.

- Fluidra Österreich GmbH "SSA", domiciled in Grödig (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 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 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, IT, logistics, marketing and financial brokering services for the benefit of the other companies in the Group to which it belongs.

- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services, including and mainly, accounting, administrative and financial.

- Fluidra SI D.O.O., domiciled in Ljubljana (Slovenia) is mainly engaged in marketing pool-related goods, products and materials.

- Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.

- 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 Tuzla (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., with its registered office in El Manar (Tunisia), has as its main purpose the provision of manufacturing services and related activities aimed at promoting and strengthening the Fluidra Group's activity in Tunisia.

- Fluidra USA, LLC, 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, domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories.

- I.D. Electroquímica, S.L.U., 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 Sant Cugat del Vallés (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.

- Inquide, S.A.U., (absorbing company of Metalast S.A.U.) domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.

- 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.

- 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.

- Ningbo Dongchuan Swimming Pool Equipment 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.

- 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), whose corporate purpose is the construction of all kinds of elements that can be manufactured with fibreglass and, in particular, of elements or instruments, filters and accessories for water treatment, as well as their sale, distribution, marketing, export and import.

- Poolweb, SAS, domiciled in Chassieu (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 Harzé, Aywaille (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.

- SR Smith, LLC, domiciled in Canby, Oregon (United States), has as its corporate purpose to engage in any lawful act or activity that limited liability companies may engage in under Delaware law, including consulting, brokering, commissions or investments in other companies.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- 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.

- Saline Generating System LLC, domiciled in Tempe, Arizona (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- Shenandoah Manufacturing LLC, domiciled in Newnan, Georgia (United States), is engaged in taking part in any legal act or activity whereby limited liability companies may be created under the Law and to engage in any and all activities required or incidental thereto.

- SIBO Fluidra Netherlands B.V., domiciled in Veghel (The Netherlands), has as its corporate purpose to act as a wholesale technician and to carry out all activities directly or indirectly related thereto; as well as to incorporate, participate in and direct the management, to have financial interests in other companies; and to provide administrative services.

- SRS Australia Pty LTD, domiciled in Brisbane, Queensland (Australia), is principally engaged in the sale of swimming-pool cover equipment and materials to both residential and commercial retail and wholesale customers.

- SRS Holdco, LLC, domiciled in Canby, Oregon (United States), is essentially engaged in defending directly or indirectly the ownership interests of SRS and may engage in any necessary, related, convenient, desirable, incidental or appropriate activity or commence through SRS or any other entity, any activity related to SRS's line of business. In connection with that purpose, and in order to carry it out, the company may undertake any necessary activity.

- Sunbather Pty LTD, domiciled in Hastings, Victoria (Australia), is principally engaged in the manufacture and distribution of swimming-pool heating equipment and thermal pool covers..

- 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.

- Taylor Water Technologies LLC, domiciled in Sparks, Maryland (USA), is principally engaged in the manufacture and distribution of water testing solutions, testing stations and test strips for swimming-pools and plastic bottles.

- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), whose corporate purpose is the manufacture and marketing of ceramic and vitreous products and, in general, products intended for swimming-pool linings, regardless of the material used, and for which it may carry out all transactions that are unrelated and complementary.

- Trace Logistics North, B.V.., domiciled in Veghel (Holland), 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, depositing, loading and unloading duties and any other function required for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.

- 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 Tuzla (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.

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.

- 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., established in Belberaud (France), is principally engaged in the construction, purchase, sale and rental of space, maritime and air navigation equipment and objects made of rubberised or ungummed fabrics, as well as the manufacture and marketing of inflatables (boats or semi-rigid craft).

- Zodiac Pool Care Europe, S.A.S., domiciled in Belberaud (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 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 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. (Absorbing company of Zodiac Pool Solution SAS), domiciled in Belberaud (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 Belberaud (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.

Associates consolidated using the equity method

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.

- Aspire Polymers Pty. LTD, domiciled in Mornington, Victoria (Australia), is principally engaged in the manufacture and distribution of a wide range of rubber rollers.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

List of subsidiaries accounted for using the full consolidation method

	% Ownership interest		
	Direct	Indirect	
FLUIDRA FINCO, S.L.U	**100.00%**		
AGRISILOS, S.R.L.		100.00%	
AO ASTRAL SNG		90.00%	
AQUA SUN ZONE, LLC		100.00%	(5)
ASTRAL AQUADESIGN LIMITED LIABILITY COMPANY		58.50%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100.00%	
ASTRAL INDIA PRIVATE, LIMITED		100.00%	
ASTRALPOOL CYPRUS, LTD		90.00%	
ASTRALPOOL HONGKONG, CO., LIMITED		100.00%	
ASTRALPOOL THAILAND CO., LTD		99.00%	
ASTRALPOOL UK LIMITED		100.00%	(3)
BOBE WATER & FIRE LLC		100.00%	(5)
CENTURY COMPOSITES OF GEORGIA LLC		100.00%	(5)
CEPEX MEXICO, S.A. DE C.V.		100.00%	
CEPEX S.A.U.		100.00%	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED		100.00%	
CERTIKIN INTERNATIONAL, LIMITED		100.00%	(3)
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100.00%	
CMP HOLDCO INC		100.00%	(5)
CMP POOL & SPA (SHANGHAI) CO, LTD		100.00%	(5)
COVER - POOLS INCORPORATED		100.00%	
CUSTOM MOLDED PRODUCTS LLC		100.00%	(5)
CUSTOM MOLDED PRODUCTS SHANGHAI INC.		100.00%	(5)
DEL AGRICULTURAL INC.		100.00%	(5)
DEL INDUSTRIES INC.		100.00%	(5)
DEL OZONE HOLDING COMPANY INC.		100.00%	(5)
FABTRONICS AUSTRALIA PTY LTD		100.00%	
FLUIDRA ADRIATIC D.O.O.		100.00%	
FLUIDRA AL URDOUN FZ		70.00%	
FLUIDRA ASSISTANCE SAS		100.00%	
FLUIDRA AUSTRALIA PTY LTD		100.00%	(2)
FLUIDRA BALKANS JSC		61.16%	
FLUIDRA BELGIQUE, S.R.L.		100.00%	(13)
FLUIDRA BH D.O.O. Bijeljina		60.00%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA		100.00%	(11)
FLUIDRA CHILE, S.A.		100.00%	
FLUIDRA COLOMBIA, S.A.S		100.00%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100.00%	
FLUIDRA COMERCIAL PORTUGAL Unipessoal, LDA		100.00%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		100.00%	
FLUIDRA COMMERCIAL, S.A.U.		100.00%	(14)
FLUIDRA COMMERCIALE ITALIA, S.P.A.		100.00%	(12)
FLUIDRA CYPRUS, LTD		100.00%	
FLUIDRA DEUTSCHLAND GmbH		100.00%	(8)
FLUIDRA EGYPT, Egyptian Limited Liability Company		90.00%	
FLUIDRA EXPORT, S.A.U.		100.00%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100.00%	
FLUIDRA GROUP AUSTRALIA PTY LTD		100.00%	
FLUIDRA HELLAS, S.A.		86.96%	
FLUIDRA HOLDCO NORTH AMERICA INC		100.00%	(4)
FLUIDRA HOLDINGS AUSTRALIA PTY LTD		100.00%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100.00%	

FLUIDRA, S.A.
AND SUBSIDIARIES

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

FLUIDRA INDIA PRIVATE LIMITED	100.00%	
FLUIDRA INDONESIA PT.	100.00%	
FLUIDRA INDUSTRY FRANCE, S.A.S	100.00%	
FLUIDRA KAZAKHSTAN Limited Liability Company	51.00%	
FLUIDRA LATAM EXPORT LLC	100.00%	
FLUIDRA MAGYARORSZÁG Kft.	95.00%	
FLUIDRA MALAYSIA SDN.BHD.	100.00%	
FLUIDRA MAROC, S.A.R.L.	90.00%	
FLUIDRA MEXICO, S.A. DE C.V.	100.00%	
FLUIDRA MIDDLE EAST FZE	100.00%	
FLUIDRA MONTENEGRO DOO	60.00%	
FLUIDRA N.Z. LIMITED	100.00%	
FLUIDRA NORDIC A/S	100.00%	
FLUIDRA NORDIC AB	100.00%	
FLUIDRA ÖSTERREICH Gmbh "SSA"	98.50%	
FLUIDRA POLSKA, SP. Z.O.O.	100.00%	
FLUIDRA ROMANIA S.A.	66.66%	
FLUIDRA SERBICA, D.O.O. BEOGRAD	60.00%	
FLUIDRA SERVICES FRANCE, S.A.S.	100.00%	
FLUIDRA SERVICES ITALIA, S.R.L.	100.00%	
FLUIDRA SI D.O.O	60.00%	(4)
FLUIDRA SINGAPORE, PTE LTD	100.00%	
FLUIDRA SWITZERLAND, S.A.	100.00%	
FLUIDRA THAILAND CO, LTD	100.00%	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51.00%	
FLUIDRA TUNISIE, S.A.R.L.	100.00%	
FLUIDRA USA, LLC	100.00%	
FLUIDRA VIETNAM LTD	100.00%	
FLUIDRA WATERLINX PTY, LTD	100.00%	
I.D. ELECTROQUÍMICA, S.L.U.	100.00%	
INDUSTRIAS MECANICAS LAGO, S.A.U.	100.00%	
INNODRIP, S.L.U	100.00%	
INQUIDE, S.A.U.	100.00%	(9)
LAGHETTO FRANCE, S.A.R.L.	100.00%	
MANUFACTURAS GRE, S.A.U.	100.00%	
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENT CO., LTD	70.00%	
PISCINES TECHNIQUES 2000, S.A.S.	100.00%	
POLTANK, S.A.U.	100.00%	
POOLWEB SAS	100.00%	
PRICE CHEMICALS PTY LTD	100.00%	
PRODUCTES ELASTOMERS, S.A.	70.00%	
RIIOT LABS NV/SA	100.00%	
SRS HOLDCO, LLC	100.00%	(5)
S.R. SMITH, LLC	100.00%	(5)
SACOPA, S.A.U.	100.00%	
SALINE GENERATING SYSTEMS LLC	100.00%	(5)
SHENANDOAH MANUFACTURING LLC	100.00%	(5)
SIBO FLUIDRA NETHERLANDS B.V.	100.00%	
SRS AUSTRALIA Pty LTD	100.00%	(5)
SUNBATHER Pty LTD	100.00%	(5)
TALLERES DEL AGUA, S.L.U.	100.00%	
TAYLOR WATER TECHNOLOGIES LLC	100.00%	(5)
TOGAMA, S.A.U.	100.00%	
TRACE LOGISTICS NORTH BV	100.00%	
TRACE LOGISTICS, S.A.U.	100.00%	
TURCAT POLYESTER SANAYI VE TICARET A.S.	75.50%	
UNISTRAL RECAMBIOS, S.A.U.	100.00%	
VEICO.COM.BR INDÚSTRIA E COMÉRCIO LTDA	100.00%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89.99%	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd.	100.00%	

FLUIDRA, S.A.
AND SUBSIDIARIES

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

ZODIAC INTERNATIONAL SAS	100.00%	
ZODIAC POOL CARE EUROPE SAS	100.00%	
ZODIAC POOL CARE SOUTH AFRICA (Propietary) Limited	100.00%	
ZODIAC POOL SOLUTIONS LLC	100.00%	
ZODIAC POOL SYSTEMS CANADA, INC.	100.00%	
ZODIAC POOL SYSTEMS LLC	100.00%	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZHEN) CO.,LTD.	100.00%	
ZPES HOLDINGS SAS	100.00%	(10)
ZPNA HOLDINGS S.A.S.	100.00%	

List of associates consolidated using the equity method

ASTRAL NIGERIA, LTD.	25.00%	(1)
ASPIRE POLYMERS Pty. LTD	50.00%	(5)

List of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11.00%	(1)

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries sub-group.
(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the companies Astral Pool Australia Pty Ltd, Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, and Hurlcon Investments Pty Ltd.
(3) The companies Certikin International Limited and Astralpool UK Limited, wholly-owned sub-subsidiaries of Fluidra, S.A. and registered in England under numbers 03047290 and 01823941, respectively, are exempt from the requirement of the Companies Act 2006 in relation to the audit of the individual annual accounts by virtue of section S479C.
(4) Newly-created companies in the twelve-month period ended 31 December 2021.
(5) Companies acquired during the twelve-month period ended 31 December 2021.
(6) During the year ended 31 December 2021, the Group has wound up the companies Ningbo Linya Swimming pool & water treatment CO, LTD and Fluidra South Africa PTY, LTD.
(7) In the twelve-month period ended 31 December 2021, Fluidra Services España, S.L.U. and Fluidra Engineering Services, S.L.U have been integrated into Fluidra, S.A.
(8) Company previously called Zodial Pool Deutschland Gmbh, and absorbing company of Fluidra Deutschland Gmbh, from which it has adopted its name.
(9) Absorbing company of Metalast, S.A.U.
(10) Absorbing company of Zodiac Pool Solution SAS
(11) Absorbing company of Ten four Industria e Serviços LTDA.
(12) Absorbing company of ME2000 SRL
(13) Absorbing company of AYW concept SRL and Pentagone APCD SRL
(14) Absorbing company of Fluidra JV Youli S.L.U.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the twelve-month period ended 31 December 2021
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
Sales to third parties	1,020,223	875,113	89,330	202,243	10	-	2,186,919
Sales to third parties in USA	214	827,528	11,971	1,215	-	-	840,928
Sales to third parties in Spain	176,470	396	41,658	-	10	-	218,534
Sales to third parties in France	238,263	179	5,396	-	-	-	243,838
Inter-segment sales	119,583	6,460	469,873	2,407	-	(598,323)	-
Segment sales of goods and finished products	1,139,806	881,573	559,203	204,650	10	(598,323)	2,186,919
COGS	(759,152)	(415,171)	(339,888)	(96,527)	-	579,314	(1,031,424)
Gross margin	380,654	466,402	219,315	108,123	10	(19,009)	1,155,495
OPEX	(197,907)	(221,750)	(109,145)	(73,388)	(46,401)	(182)	(648,773)
Adjustments due to impairment of receivables	(171)	(188)	(13)	1,377	(33)	(1,333)	(361)
Depreciation and amortisation expenses and impairment losses	(21,006)	(17,701)	(13,457)	(8,393)	(56,055)	(8,086)	(124,698)
Operating profit/(loss) from reporting segments	161,570	226,763	96,700	27,719	(102,479)	(28,610)	381,663
Share in profit/(loss) of associates	-	-	-	-	-	5	5
EBITDA	182,576	244,464	110,157	36,112	(46,424)	(20,519)	506,366

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 is an integral part of Note 4 to the interim condensed consolidated financial statements of Fluidra, S.A. and subsidiaries for the twelve-month periods ended 31 December 2021 and 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the twelve-month period ended 31 December 2020
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Sales to third parties	784,991	465,013	68,120	169,889	95	-	1,488,108
Sales to third parties in USA	374	442,839	11,010	2,305	-	-	456,528
Sales to third parties in Spain	145,678	-	32,335	-	35	-	178,048
Sales to third parties in France	172,827	-	5,367	-	-	-	178,194
Inter-segment sales	99,241	4,999	350,380	2,620	-	(457,240)	-
Segment sales of goods and finished products	884,232	470,012	418,500	172,509	95	(457,240)	1,488,108
COGS	(593,435)	(214,575)	(254,681)	(83,164)	-	443,802	(702,053)
Gross margin	290,797	255,437	163,819	89,345	95	(13,438)	786,055
OPEX	(162,700)	(129,692)	(92,339)	(72,584)	(23,311)	335	(480,291)
Adjustments due to impairment of receivables	(2,086)	5	(60)	(540)	7	(1,046)	(3,720)
Depreciation and amortisation expenses and impairment losses	(26,734)	(12,054)	(13,725)	(8,012)	(20,506)	(36,950)	(117,981)
Operating profit/(loss) from reporting segments	99,277	113,696	57,695	8,209	(43,715)	(51,099)	184,063
Share in profit/(loss) of associates	-	-	-	-	-	28	28
EBITDA	126,011	125,750	71,420	16,221	(23,209)	(14,121)	302,072

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 assets and liabilities
for the twelve-month period ended 31 December 2021
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments and eliminations	Total consolidated figures
	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021	31.12.2021
NON-CURRENT ASSETS							
Property, plant, and equipment	26,810	48,387	61,076	9,476	12,524	2,400	160,673
Property, plant and equipment in Spain	5,537	-	58,843	-	12,524	1,919	78,823
NWC	**132,603**	**78,160**	**136,230**	**55,711**	**(3,181)**	**(61,097)**	**338,426**
Inventories	127,146	182,263	177,058	49,968	-	(42,421)	494,014
Trade and other receivables	90,894	71,096	32,130	46,087	21,806	(5,362)	256,651
Trade and other payables	85,437	175,199	72,958	40,344	24,987	13,314	412,239

NWC = Inventories + Trade and other receivables – Trade and other payables

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the twelve-month period ended 31 December 2020
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
NON-CURRENT ASSETS							
Property, plant, and equipment	23,572	20,670	55,525	6,540	10,506	1,128	117,941
Property, plant and equipment in Spain	5,572	-	53,758	-	10,257	787	70,374
NWC	102,139	42,693	88,066	49,566	(15,638)	(55,343)	211,483
Inventories	83,498	65,447	115,672	45,353	-	(28,132)	281,838
Trade and other receivables	85,101	96,834	18,957	42,505	11,615	(5,671)	249,341
Trade and other payables	66,460	119,588	46,563	38,292	27,253	21,540	319,696

NWC = Inventories + Trade and other receivables – Trade and other payables

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

General business outlook

The Fluidra Group's turnover at the December 2021 close amounts to Euros 2,186.9 million, which reflects a 47% increase in comparison with the prior year (+47.4% at a constant exchange rate). In line with the prior year's trend and the Covid crisis, the residential business has grown thanks to the cocooning and stay at home effect, which has led to greater use of existing facilities and therefore more maintenance work, as well as new installations. The effect of business combinations (see Note 5) on turnover was Euros 153.9 million (10.3% of the growth for the year).

The quarterly growth was an increase of 61.0% in the first quarter with an unusual comparison due to the effect of the Covid crisis in the first quarter of 2020, the impact of the storm in Texas (USA) and the anticipation of a strong campaign. The second quarter shows growth of 51.2% with a constant growth trend in the aftermarket and new residential swimming-pool segments. The third and fourth quarters showed growth of 39.1% and 40% respectively, led by North America and driven by demographic trends and the builders' backlog.

With regard to sales performance by geographic area, it is worth highlighting the growth of the North American market with an increase of 83.2% due to the effect of strong growth throughout the year and the effect of acquisitions. The other areas show double digit growth with a slightly lower performance in Rest of the world due to the still weak activity in the commercial swimming-pool segment in Asia.

In progress of sales by business unit, the positive performance of the Pool&Wellness unit stands out (47.6%), driven by outstanding performance in residential pools (54.7%) and smaller growth in the commercial pools unit, although this segment has benefited from the effect of acquisitions.

EBITDA was up by Euros 204.3 million, increasing from Euros 302.1 million last year to Euros 506.4 million this year, driven essentially by the operational leverage of increased sales.

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 stayed constant at 52.8%. Price increases and value enhancement initiatives offset increased inflationary pressures on gross margin.

Net operating expenses (personnel expenses, other operating expenses net of income from services rendered, work carried out by the Group for non-current assets, gains on the sale of fixed assets and before changes in operating provisions) increased by 35.1% due to several effects. On one hand, the impact of the acquisitions made during the year, and on the other hand, the improved results which led to a greater impact of the long-term variable remuneration plan approved in June 2018, and finally the increase in turnover.

Changes in trading provisions were positive, from Euros 3.7 million to Euros 0.4 million, improving customer collections in all geographic areas and significantly reducing the average customer collection period.

Amortisation expenses and impairment losses increased from 118.0 million to 124.7 million, mainly due to the amortisation of intangible assets from new acquisitions which offset the decreasing amortisation of intangible assets from the merger with Zodiac, as well as the increase in amortisation of right of use assets from business combinations and additions in the year (see Notes 8 and 9).

Financial income/cost remained very stable from Euros -45.1 million to Euros -44.2 million, offsetting lower exchange rate losses with higher finance costs.

Net profit/(loss) attributed to the Parent has increased from Euros 96.4 million to Euros 252.4 million, mainly due to the improvement in operating profits described above.

With regard to the Group's consolidated balance sheet, it is worth mentioning the increase in net working capital by Euros 126.9 million, mainly due to the increase from business combinations, as well as the increase in inventories to face the 2022 campaign. Trade and other receivables increase 3%, which is well below turnover.

Investments in property, plant and equipment, right-of-use assets and other intangible assets have increased by Euros 56.2 million to Euros 116.2 million in 2021, due to new lease agreements for our subsidiary in England, the new headquarters in Sant Cugat, Barcelona, and investments in production plants and distribution subsidiaries.

Net Financial Debt (including lease liabilities) increased from Euros 581.9 million to Euros 1069.5 million due to payments made on acquisitions, the increase in investments mentioned in the previous paragraph, the increase in working capital and the purchase of treasury shares to meet the needs of the long-term variable remuneration plan.

Staff turnover has seen an increase of 1,559 people with respect to the same period in the prior year due to the business combinations. The average headcount at 31 December 2021 is 6,424 people, split into 66% male staff and 34% female.

As for the environment, Fluidra has kept its commitment to optimise the natural resources that it uses in production processes and to promote alternative energies. Additionally, one of the main focuses of R&D projects is the responsible use of water and energy.

A breakdown of information on third-party transactions is disclosed in Note 30.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

31 December 2021 and 2020

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

In accordance with article 12 of Royal Decree 1362/2007, on 24 February 2022, Fluidra, S.A.'s Board of Directors approved for issue the interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the interim condensed consolidated statement of financial position, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated cash flow statement and the notes thereto) for the twelve-month periods ended 31 December 2021 and 2020. In witness whereof, they are hereby signed on this sheet by all the members of the Board of Directors.

Mr. Eloy Planes Corts	Mr. Bruce Walker Brooks
Ms. Esther Berrozpe Galindo	Ms. Barbara Borra
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. Brian McDonald
Mr. Oscar Serra Duffo	Mr. José Manuel Vargas Gómez

LIABILITY STATEMENT OF COMPANY DIRECTORS FOR THE PURPOSES ENVISAGED UNDER ARTICLE 11.1.b) OF SPANISH ROYAL DECREE 1362/2007 OF 19 OCTOBER (REAL DECRETO 1362/2007)

The members of the Board of Directors of Fluidra, S.A. (the "**Company**"), at the meeting of the Board of Directors held on 24 February 2022, state that, to the best of their knowledge, the condensed consolidated financial statements corresponding to the second half of 2021, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the companies that fall within the consolidated group taken as a whole, and that the interim management report includes a fair review of the information required.

In Sant Cugat del Vallès, 24 February 2022

Mr. Eloy Planes Corts	Mr. Bruce Walker Brooks
Ms. Esther Berrozpe Galindo	Ms. Barbara Borra
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. Brian McDonald
Mr. Oscar Serra Duffo	Mr. José Manuel Vargas Gómez