

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 2020

(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 2020 and 2019

(Expressed in thousands of euros)

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Fluidra, S.A. and Subsidiaries
Interim Condensed Consolidated Statement of Financial Position
31 December 2020 and 31 December 2019
(Expressed in thousands of euros)

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

<u>Assets</u>	<u>Notes</u>	<u>31/12/2020</u>	<u>31/12/2019</u> (Audited)
Property, plant, and equipment	6	117,941	119,976
Investment property		2,940	3,166
Goodwill	7	1,075,483	1,103,856
Other intangible assets	6	641,717	736,185
Right-of-use assets	6	101,714	112,659
Investments accounted for using the equity method		28	-
Non-current financial assets	8	4,384	7,376
Other receivables		3,680	1,831
Deferred tax assets		90,389	85,588
Total non-current assets		<u>2,038,276</u>	<u>2,170,637</u>
Inventories		281,838	259,471
Trade and other receivables		249,341	314,745
Other current financial assets	8	10,867	9,713
Derivative financial instruments	9	10	291
Cash and cash equivalents		225,631	242,240
Total current assets		<u>767,687</u>	<u>826,460</u>
TOTAL ASSETS		<u><u>2,805,963</u></u>	<u><u>2,997,097</u></u>
<u>Equity</u>			
Share capital		195,629	195,629
Share premium		1,148,591	1,148,591
Retained earnings and other reserves		227,648	113,208
Interim dividend		(40,752)	-
Treasury shares		(35,841)	(14,000)
Other comprehensive income		(73,969)	(3,814)
Equity attributable to equity holders of the parent	11	1,421,306	1,439,614
Non-controlling interests		6,734	5,878
Total equity		<u>1,428,040</u>	<u>1,445,492</u>
<u>Liabilities</u>			
Bank borrowings and other marketable securities	14	671,102	857,035
Lease liabilities		91,694	98,587
Derivative financial instruments	9	15,987	14,951
Deferred tax liabilities		165,365	181,154
Provisions	13	13,636	11,406
Government grants		241	302
Other non-current liabilities		18,602	22,326
Total non-current liabilities		<u>976,627</u>	<u>1,185,761</u>
Bank borrowings and other marketable securities	14	20,013	21,862
Lease liabilities		22,454	23,173
Trade and other payables		319,696	291,564
Provisions	13	37,602	28,437
Derivative financial instruments	9	1,531	808
Total current liabilities		<u>401,296</u>	<u>365,844</u>
Total liabilities		1,377,923	1,551,605
TOTAL EQUITY AND LIABILITIES		<u><u>2,805,963</u></u>	<u><u>2,997,097</u></u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2020 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 2020
and 31 December 2019
(Expressed in thousands of euros)

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

	Notes	31/12/2020	31/12/2019 (Audited)
Operating income			
Sales of goods and finished products	17	1,488,108	1,367,550
Income from the rendering of services	18	22,752	24,928
Work performed by the Group and capitalised as non-current assets		<u>14,848</u>	<u>14,157</u>
Total operating income		1,525,708	1,406,635
Operating expenses			
Change in inventories of finished products and work in progress and raw material supplies	16	(702,053)	(666,022)
Personnel expenses	19	(272,436)	(277,872)
Amortization and depreciation expenses and impairment losses		(117,981)	(129,762)
Other operating expenses	20	<u>(248,789)</u>	<u>(256,089)</u>
Total operating expenses		(1,341,259)	(1,329,745)
Other gains and losses			
Profit/(loss) from sales of fixed assets		<u>(386)</u>	<u>(1,364)</u>
Total other gains and losses		(386)	(1,364)
Operating profit		<u>184,063</u>	<u>75,526</u>
Finance income / (cost)			
Finance income		7,378	2,803
Finance cost		(37,927)	(53,792)
Right-of-use finance cost		(4,861)	(4,929)
Exchange gains/(losses)		<u>(9,660)</u>	<u>485</u>
Net finance income/(cost)	21	<u>(45,070)</u>	<u>(55,433)</u>
Share of profit/(loss) for the year of entities accounted for using the equity method		28	-
Profit/(loss) before tax from continuing operations		<u>139,021</u>	<u>20,093</u>
Income tax expense			
Income tax expense	22	(39,118)	(5,982)
Profit/(loss) after tax from continuing operations		99,903	14,111
Profit/(loss) after tax from discontinued operations	10	<u>-</u>	<u>(114)</u>
Consolidated profit/(loss) after tax		<u>99,903</u>	<u>13,997</u>
Profit/(loss) attributable to non-controlling interests		3,515	5,675
Profit/(loss) attributable to equity holders of the parent		96,388	8,322
From continuing operations		96,388	8,436
From discontinued operations		<u>-</u>	<u>(114)</u>
EBITDA	25	<u>302,072</u>	<u>205,288</u>
Basic and diluted earnings/(loss) per share from continuing operations (euros)	12	0.49702	0.04342
Basic and diluted earnings/(loss) per share (euros)	12	<u>0.49702</u>	<u>0.04283</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2020 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 2020
and 31 December 2019
(Expressed in thousands of euros)

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Profit / (loss) for the year	99,903	13,997
Other comprehensive income:		
Items that will not subsequently be reclassified to profit or loss		
Recalculation of the measurement of defined benefit plans	-	-
Tax effect	-	-
Items that will be reclassified to profit or loss		
Cash flow hedges	(1,370)	(7,029)
Actuarial gains and losses	135	(160)
Exchange differences on translation of foreign operations	(66,097)	6,932
Tax effect	459	1,524
Other comprehensive income for the year, net of tax	<u>(66,873)</u>	<u>1,267</u>
Total comprehensive income for the year	<u><u>33,030</u></u>	<u><u>15,264</u></u>
Total comprehensive income attributable to:		
Equity holders of the parent	30,089	9,790
From continuing operations	30,089	9,017
From discontinued operations	-	773
Non-controlling interests	2,941	5,474
	<u><u>33,030</u></u>	<u><u>15,264</u></u>

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Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
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.)

Equity attributable to equity holders of the parent

	Capital	Share premium	Legal reserve	Retained earnings	Interim dividend	Treasury shares	Other comprehensive income		Total	Non-controlling interests	Total equity
							Exchange differences	Other			
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
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	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>187,508</u>	<u>(40,752)</u>	<u>(35,841)</u>	<u>(61,373)</u>	<u>(12,596)</u>	<u>1,421,306</u>	<u>6,734</u>	<u>1,428,040</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2020 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 period ended 31 December 2019
(Expressed in thousands of euros)

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

Equity attributable to equity holders of the parent

	Capital	Share premium	Legal reserve	Retained earnings	Treasury shares	Other comprehensive income		Total	Non-controlling interests	Total equity
						Exchange differences	Other			
Balance at 1 January 2019	195,629	1,148,591	40,140	67,119	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721
Total comprehensive income for the year	-	-	-	8,322	-	7,135	(5,667)	9,790	5,474	15,264
Inclusion of entities	-	-	-	-	-	-	-	-	4	4
Disposal of entities	-	-	-	-	-	-	-	-	(2,366)	(2,366)
Change in ownership interest	-	-	-	1,936	-	-	-	1,936	(1,072)	864
Treasury shares	-	-	-	(8,623)	(310)	-	-	(8,933)	-	(8,933)
Equity-based payments	-	-	-	4,314	-	-	-	4,314	-	4,314
Dividends	-	-	-	-	-	-	-	-	(4,376)	(4,376)
Balance at 31 December 2019	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>73,068</u>	<u>(14,000)</u>	<u>8,006</u>	<u>(11,820)</u>	<u>1,439,614</u>	<u>5,878</u>	<u>1,445,492</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2020 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 2020 and 2019
(Expressed in thousands of euros)

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

	Note	2020	2019
<u>Cash flows from operating activities</u>			
Profit for the year before tax		139,021	19,979
<i>Adjustments for:</i>			
Amortization and depreciation	6	116,326	125,958
Adjustments due to impairment of receivables	20	3,720	4,224
Provision for/(reversal of) impairment losses on assets	6	1,655	3,804
Provision for/(reversal of) impairment losses on financial assets	21	493	355
Provision for/(reversal of) losses on risks and expenses		11,936	1,845
Provision for/(reversal of) losses on inventories	16	47	5,721
Income from financial assets	21	(5,318)	(1,481)
Finance cost	21	40,425	51,886
(Income)/expenses from currency translation differences		9,660	(485)
Share in (profit)/loss for the year of associates accounted for using the equity method		(28)	-
(Profit)/loss on the sale of property, plant and equipment and other intangible assets		295	(336)
(Profit)/loss on the sale of subsidiaries	5	91	1,700
Government grants recognised in profit and loss		(86)	(100)
Adjustments to consideration paid against gains/losses on business combinations	21	(1,195)	4,313
Share-based payment expenses	23	9,091	12,166
(Profit)/loss from derivative financial instruments at fair value through changes in profit and loss		1,004	810
Operating profit before changes in working capital		327,137	230,359
Changes in working capital, excluding effects of acquisitions and translation differences			
Increase/(decrease) in trade and other receivables		55,909	(35,851)
Increase/(decrease) in inventories		(19,255)	(14,250)
Increase/(decrease) in trade and other payables		(2,189)	26,577
Utilization of provisions		(195)	(879)
Cash from operating activities		361,407	205,956
Interest paid		(39,459)	(48,186)
Interest received		5,306	1,544
Corporate income tax paid		(35,190)	(3,771)
Net cash from operating activities (*)		292,064	155,543
<u>Cash flows from/(used in) investing activities</u>			
From the sale of property, plant and equipment		655	2,891
From the sale of other intangible assets		141	338
From the sale of financial assets		3,406	2,497
Dividends received		-	28
Proceeds from the sale of subsidiaries, net of cash utilized	5	(344)	29,176
Proceeds from the sale of subsidiaries in prior years		730	-
Acquisition of property, plant and equipment		(21,839)	(26,737)
Acquisition of intangible assets		(19,476)	(20,301)
Acquisition of other financial assets		(4,477)	(7,104)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	5	(10,637)	-
Payments for acquisitions of subsidiaries in prior years		(8,837)	(7,344)
Net cash used in investing activities (*)		(60,678)	(26,556)
<u>Cash flows from/(used in) financing activities</u>			
Payments for repurchase of treasury shares		(37,735)	(10,177)
Proceeds from the sale of treasury shares		21,815	1,246
Proceeds from grants		14	50
Proceeds from bank financing		42,976	5,598
Payments for bank borrowings		(202,093)	(46,185)
Payments for lease liabilities		(20,328)	(15,601)
Dividends paid		(42,817)	(4,376)
Net cash used in financing activities (*)		(238,168)	(69,445)
Net increase/(decrease) in cash and cash equivalents		(6,782)	59,542
Cash and cash equivalents at 1 January		242,240	181,233
Effect of currency translation differences on cash flows		(9,827)	1,465
Cash and cash equivalents at 31 December		225,631	242,240

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

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the twelve-month period ended 31 December 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Notes to the Interim Condensed Consolidated Financial Statements

(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.

The Company is domiciled at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Group's activity consists of the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest 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 195,629,070 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 companies included in the Group. These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, specifically IAS 34 "Interim Financial Reporting", as adopted by the European Union (IFRS-EU) pursuant to article 12 of Royal Decree 1362/2007. These financial statements do not include all disclosures required for annual financial statements, and shall be read together with the consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRS-EU.

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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

31 December 2020 and 2019

(Expressed in thousands of euros)

b) Comparative information

For comparative purposes, the interim condensed consolidated financial statements include the consolidated figures for the twelve-month period ended 31 December 2020 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.

All significant mandatory accounting principles have been applied.

The 2019 consolidated annual accounts were approved for issue by the shareholders in general meeting on 19 May 2020.

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 2020 and 2019, estimates were occasionally made by management of the Group and of the consolidated companies in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates basically refer to:

- The useful life and fair value of the customer portfolio and other intangible assets.
- 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.
- Estimate of the expected credit losses from receivables and obsolete inventory.
- The fair value of financial instruments and of certain unquoted financial assets.
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Agrisilos, S.R.L., Riot Labs NV/SA, Grand Effects and Fabtronics Australia Pty Ltd. 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 related to the acquisition of an ownership interest in the Company's share capital.
- Estimates and judgements related to the provisions for litigation.
- 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.

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2020 and 2019, events may occur in the future which require these estimates to be adjusted (upwards or downwards) in the coming years or periods. Any effect of the adjustments made in future years shall be recognised prospectively.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

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(Expressed in thousands of euros)

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,
- Reasons supporting the classification of assets as investment property,
- Assessment criteria for impairment of financial assets,
- Judgements made to calculate the lease terms of agreements that can be renewed and,
- Reasons supporting the capitalisation of development projects.

d) Changes in IFRS-EU standards in 2020

The accounting standards used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2019, except for the new standards and any amendments that are applicable as of 1 January 2020, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2019.
 - Revised version of the IFRS conceptual framework
 - Amendments to IFRS 3 – Business combinations
 - Amendments to IAS 1 and IAS 8 – Definition of materiality
 - Amendments to IFRS 9, IAS 39 and IFRS 17: Interest rate benchmark reform
 - Amendments to IFRS 16 – Covid-19-related rent concessions

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

3. Relevant accounting principles applied

The accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the consolidated annual accounts for the year ended 31 December 2019, as none of the standards, interpretations or amendments that are applicable for the first time this year have had an impact on the Group's accounting policies.

4. Segment information

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

The Fluidra Group's organisational structure up to the second half of 2020 was organised into three divisions, two of them covering a geographical approach, which manage the Group's sales and distribution activity, and the third one, which comprised the manufacture and logistics chain for the whole Group.

The Sales Divisions were ESA and North America.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

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(Expressed in thousands of euros)

The ESA (Europe, Southern Hemisphere & Asia) segment corresponded to Europe, Africa, Asia, Australia and South America.

The North America segment corresponded to the US and Canada.

Finally, the Operations division, located mainly in Spain, France, China and Mexico, integrated the Group's entire manufacturing and logistics chain.

In the second half of 2020, a new division was created to cover the Asian, Australian and South African markets.

Following this change, the Fluidra Group's new organisational structure is organised into 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 manufacture and logistics chain for the whole Group. A manager is assigned to each division and they report directly to the Management Advisory Committee, maintaining regular contact to deal with operations, operating results and financial profit/(loss), forecasts and plans for each segment. The Management Advisory Committee monitors financial information based on the following division structure.

The 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 rationalization of production plant structure, improving quality, demand planning and the optimization of industrial assets.

This new organisational structure also affected identification of the Group's cash generating units (CGUs) (note 7).

Following this change, the comparative segment figures for 2019 have been restated.

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 25) to measure the segment results. Amortization and depreciation and impairment losses are linked to the assets directly allocated to the segment activity, excluding the impact of allocating the acquisition price of business combinations and investment

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portfolio provisions. Net financial profit/(loss) and income tax expense are not allocated by segment, as these activities are dealt with by the Group's central departments.

Furthermore, in 2019 discontinued operations were not allocated to any segment, since the operations were not managed by the Management of the respective segment.

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

A breakdown of the Group's segment information for 2020 and 2019 is shown in Appendix II to these interim condensed consolidated financial statements.

5. Business combinations and sales of Group companies

A breakdown of the transactions resulting in the most significant additions during the twelve-month period ended 31 December 2020 and 2019 is as follows:

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 has 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, subject mainly to the results that the acquired business obtains during 2020. The Group has recognised an amount of Euros 3,778 thousand related to this contingent consideration at the date of acquisition. The Group has estimated a fair value for this consideration based on projections provided by the company's Management. The agreement does not stipulate a maximum amount payable.

As a consequence of the above-mentioned acquisition, the Group has 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 has 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 has 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.

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

Aquafive is a company domiciled in Wavre, Belgium, and through its wholly-owned subsidiary Pentagone APCD ("Pentagone"), it is a distributor of swimming pool products, including, inter alia, heaters, dehumidifiers and pool covers, as well as cleaning and pool treatment products. Aquafive has a long-standing relationship with the Fluidra Group and is the exclusive distributor of Zodiac products in the Benelux region (Belgium, the 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 agreement signed values 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 will be 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 have been agreed in each of the coming three years.

This acquisition, that will be integrated into the existing operations of Fluidra in Belgium, will enable 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 has 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 2017, the Group's sales of goods and finished products would have increased by Euros 5,377 thousand and consolidated profit after tax would have been reduced by Euros 581 thousand.

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

On 11 August 2020, Fluidra Brasil Indústria e Comércio, Ltda, 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 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 has 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 been reduced by Euros 3,554 thousand.

A breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the twelve-month period ended 31 December 2020 is as follows:

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

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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 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 have arisen 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 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 twelve-month period ended 31 December 2020, by significant categories, are as follows:

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	<u>1,416</u>
 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	<u>546</u>
 Total liabilities and contingent liabilities	 12,720
 Total net assets	 <u>4,844</u>
 Total net assets acquired	 <u>4,844</u>
 Paid in cash	 12,395
Cash and cash equivalents acquired	<u>1,416</u>
 Cash paid for the acquisitions	 <u>10,979</u>

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Furthermore, following Fluidra's strategy to divest its non-essential activities in order to focus on the Group's core business, on 31 July 2020 the German company SET Energietechnik 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:

	<u>Thousands of euros</u>
Amount received in cash	141
Deferred collections	-
Total	<u>141</u>
Total net assets sold	<u>232</u>
Loss on the Sale	<u>(91)</u>

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

	<u>Thousands of euros</u>
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	<u>485</u>
Total assets	1,219
Lease liabilities	483
Trade and other payables	<u>504</u>
Total liabilities and contingent liabilities	987
Total net assets	<u>232</u>
Total net assets sold	<u><u>232</u></u>
Amount received in cash	141
Cash and cash equivalents sold	<u>485</u>
Net cash from the sale	<u>(344)</u>

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In the twelve-month period 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.

2019

There were no business combinations in the twelve-month period ended 31 December 2019.

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

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

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

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

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

In the twelve-month period ended 31 December 2019 cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 7,344 thousand.

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6. Property, plant and equipment, Other intangible assets and Right of use assets

Movements in the items included in Property, plant and equipment during the twelve-month period ended 31 December 2020 are as follows:

	Balances at 31.12.19	Business combinations (note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.20
Cost	921,508	7,754	19,476	(32,392)	(962)	3,613	(62,447)	856,550
Accumulated amortisation	<u>(185,323)</u>	<u>(189)</u>	<u>(74,061)</u>	<u>32,253</u>	<u>-</u>	<u>(34)</u>	<u>12,521</u>	<u>(214,833)</u>
Net carrying amount	<u>736,185</u>	<u>7,565</u>	<u>(54,585)</u>	<u>(139)</u>	<u>(962)</u>	<u>3,579</u>	<u>(49,926)</u>	<u>641,717</u>

These investments notably include additions due to expenses incurred in several development projects that the Group is currently carrying out for an amount of Euros 12,537 thousand (Euros 13,717 thousand during the same period ended 31 December 2019), which relate to product developments for responsible use of water.

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

	Balances at 31.12.19	Business combinations (note 5)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.20
Cost	393,018	2,034	23,931	(14,529)	(231)	(4,985)	(5,386)	393,852
Accumulated amortisation	<u>(273,042)</u>	<u>(986)</u>	<u>(19,267)</u>	<u>14,156</u>	<u>-</u>	<u>680</u>	<u>2,548</u>	<u>(275,911)</u>
Net carrying amount	<u>119,976</u>	<u>1,048</u>	<u>4,664</u>	<u>(373)</u>	<u>(231)</u>	<u>(4,305)</u>	<u>(2,838)</u>	<u>117,941</u>

During the twelve-month period ended 31 December 2020, there have been investments in molds for new products for an approximate amount of Euros 2,900 thousand (Euros 3,907 thousand during the same period ended 31 December 2019). Similarly, investments in several production plants (Euros 11,021 thousand) and machinery to improve the production process (Euros 4,060 thousand) should be noted (Euros 12,654 thousand and Euros 3,697 thousand, respectively, during the same period ended 31 December 2019).

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Movement in right-of-use assets during the twelve-month period ended 31 December 2020 is as follows:

	Balances at 31.12.19	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 31.12.20
Cost	132,896	16,569	(9,253)	(463)	199	(4,518)	135,430
Accumulated amortisation	(20,237)	(22,793)	8,677	-	(32)	669	(33,716)
Net carrying amount	112,659	(6,224)	(576)	(463)	167	(3,849)	101,714

Additions under the right-of-use assets caption in the twelve-month period ended 31 December 2020 have risen to Euros 16,569 thousand and mainly relate to a new facilities in Perpignan and the renegotiation of certain contracts.

Additions under the right-of-use assets caption in the twelve-month period ended 31 December 2019 rose to Euros 35,271 thousand and mainly related to a new production plant in Tijuana, offices in Australia and the renegotiation of certain contracts.

7. Goodwill

The following CGUs were identified following the merger with the Zodiac Group in 2019 and the first half of 2020:

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

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

- Operations
- North America
- Europe and the Southern hemisphere

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

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

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

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During the second half of 2020, due to the Group's new organisational structure (see note 4) a new CGU has been identified, which coincides with the segment/division created.

This new CGU includes the former Sohem businesses (Southern Hemisphere) as well as the subsidiaries located in Asia, which were formerly included in the Expansion CGU.

Thus, the CGUs for the 2020 closing are those listed below:

- 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 aforementioned restructuring and its resulting impact on the identification and definition of the different CGUs has necessitated the reallocation of Goodwill among the affected CGUs. Goodwill has been reallocated from the former Expansion CGU and the former group of Europe and Sohem CGUs to the new Asia Pacific CGU, in line with IAS-36, which states that this allocation must be carried out on the basis of the fair values of the affected CGUs. These fair values have been calculated based on the estimated cash flows at year end for each redefined CGU, using the assumptions described hereinafter in this note.

The breakdown of goodwill allocated by CGU or groups of CGUs at 31 December 2020 is as follows:

	Segment	Thousands of euros
		31.12.20
North America	North America	478,046
Europe	EMEA	300,968
Operations	Operations	186,562
Asia-Pacific	APAC	61,567
EMEA expansion	EMEA	39,904
SIBO Fluidra Netherlands B.V.	EMEA	5,048
Certikin International, LTD	EMEA	3,388
		<hr/>
Total		<u>1,075,483</u>

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The breakdown of goodwill allocated by CGU or groups of CGUs at 31 December 2019 is as follows:

	Segment	Thousands of euros
		31.12.19
North America	North America	522,174
Europe and the Southern hemisphere	ESA	340,998
Operations	Operations	186,562
Expansion	ESA	45,522
SIBO Fluidra Netherlands B.V.	ESA	5,048
Certikin International, LTD	ESA	3,552
		1,103,856
Total		

Movement in goodwill in the CGUs no included in the aforementioned restructuring s mainly due to the currency translation differences arisen from the goodwill denominated in foreign currency, chiefly as a result of fluctuations in the exchange rates of the US dollar and the pound sterling.

The recoverable amount of each CGU is determined based on the greater of fair value less disposal costs, calculated using a Level 3 methodology in line with the hierarchy established in IFRS 3, and continuing value in use. These calculations 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 covered 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.

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The quantitative assumptions used for 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 five-year periods used.

(**) Perpetual growth rate.

(***) After-tax discount rate.

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

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

CGU	Sales CAGR (*) 2020-2023	EBITDA CAGR (*) 2020-2023	g (**)	WACC (***) 2019	WACC (****) 2019
North America	4.90%	8.02%	1.88%	6.55%	8.74%
Europe and the Southern hemisphere	5.79%	7.82%	1.84%	7.37%	9.92%
Operations	4.49%	6.31%	1.75%	8.11%	10.88%
Expansion	6.31%	7.18%	1.98%	10.00%	12.61%
SIBO Fluidra Netherlands B.V.	5.49%	4.82%	1.71%	6.32%	8.76%
Certikin Internacional, LTD	2.99%	2.67%	1.95%	6.84%	8.47%

(*) 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.

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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 2020 and 2019, is as follows:

2020:

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%

2019:

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

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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 2020.

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

The Group's market capitalization at 31 December 2020 amounts to Euros 4,098.4 million (Euros 2,386.7 million at 31 December 2019).

8. Current and non-current financial assets

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

	Note	Thousands of euros	
		31.12.20	31.12.19
Financial assets at fair value through profit or loss		249	597
Deposits and guarantees		4,135	6,779
Total non-current		4,384	7,376
Deposits and guarantees		10,867	9,713
Derivative financial instruments	9	10	291
Total current		10,877	10,004

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

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9. Derivative financial instruments

A breakdown of derivative financial instruments is as follows:

	31/12/2020				
	Thousands of euros				
	Notional amount	Fair values			
		Assets		Liabilities	
	Non- current	Current	Non-current	Current	
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
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					
<i>a) Cash flow hedges</i>					
Interest rate swaps	572,788	-	-	15,987	-
Total hedging derivatives		-	-	15,987	-
Total recognised derivatives		-	10	15,987	1,531

(Note 8)

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	31/12/2019				
	Thousands of euros				
	Notional amount	Fair values			
		Assets		Liabilities	
	Non- current	Current	Non-current	Current	
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
Foreign currency contracts	19,702	-	291	-	808
Total derivatives traded on over-the-counter markets		-	291	-	808
Total derivatives held for trading		-	291	-	808
2) Hedging derivatives					
<i>a) Cash flow hedges</i>					
Interest rate swaps	615,180	-	-	14,951	-
Total hedging derivatives		-	-	14,951	-
Total recognised derivatives		-	291	14,951	808

(Note 8)

The fair value of swaps, since they are derivatives not traded on organised markets, 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).

The fair value of swaps and exchange rate 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).

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10. Non-current assets held for sale and liabilities linked to non-current assets held for sale

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

The asset and liability balances of this company were transferred to “Non-current assets held for sale” and “Liabilities linked to non-current assets held for sale” in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”. Furthermore, they were deemed discontinued operations since they comprised items held for sale which represented a significant business line separate to the rest, therefore, all income and expenses corresponding to these businesses in the twelve-month period ended 31 December 2019 are presented in the caption Profit/(loss) after tax on discontinued operations.

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

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Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for the twelve-month periods ended 31 December 2019 are as follows:

	<u>31/12/2019</u>
Operating income	
Sales of goods and finished products	1,799
Income from the rendering of services	1
Work performed by the Group and capitalised as non-current assets	<u>56</u>
Total operating income	1,856
Operating expenses	
Change in inventories of finished products and work in progress and raw material supplies	(824)
Personnel expenses	(387)
Amortization and depreciation expenses and impairment losses	(117)
Other operating expenses	<u>(219)</u>
Total operating expenses	(1,547)
Other gains and losses	
Profit from sales of fixed assets	<u>-</u>
Total other gains and losses	-
Operating profit	<u>309</u>
Finance income / cost	
Finance income	120
Finance cost	(2)
Exchange gains/(losses)	<u>(534)</u>
Net finance income/(cost)	<u>(416)</u>
Share of profit/(loss) for the year of entities accounted for using the equity method	-
Profit/(loss) before tax from continuing operations	<u>(107)</u>
Income tax expense	(7)
Profit/(loss) after tax from discontinued operations	<u>(114)</u>
Profit / (loss) from discontinued operations attributable to non-controlling interests	-
Profit / (loss) from discontinued operations attributable to equity holders of the parent	(114)
EBITDA	<u>426</u>

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A breakdown of the statement of comprehensive income for this activity for the twelve-month periods ended 31 December 2019 is as follows:

	31/12/2019
Profit / (loss) for the year	(114)
Other comprehensive income:	
Items that will not subsequently be reclassified to profit or loss	
Recalculation of the measurement of defined benefit plans	-
Tax effect	-
Items that will be reclassified to profit or loss	
Cash flow hedges	-
Exchange differences on translation of foreign operations	887
Tax effect	-
	887
Other comprehensive income for the year, net of tax	887
Total comprehensive income for the year	773
Total comprehensive income attributable to:	
Equity holders of the parent	773
Non-controlling interests	-
	773

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

	31/12/2019
Cash flows from:	
Operating activities	428
Investing activities	(65)
Financing activities	(11)

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11. **Equity**

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

a) Share capital

At 30 June 2020 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. All shares bear the same political and financial rights.

On 31 October 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of Euro 1 each.

These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant equity shares at 31 December 2020 is as follows:

	<u>Ownership percentage</u>
Rhône Capital L.L.C.	32.22%
Boyser, S.R.L.	8.13%
Dispur, S.L.	7.11%
Edrem, S.L.	6.92%
Piumoc Inversions, S.L.U.	5.50%
Maveor, S.L.	5.00%
Other shareholders	35.12%
	<u>100.00%</u>

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

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

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

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The rate of exchange at which the shares of Piscine Luxembourg Holdings 2 S.à r.l. were swapped for Fluidra, S.A. shares is as follows: 69,166667 ordinary shares in Fluidra, S.A. at Euros 1 par value for each ordinary share in Piscine Luxembourg Holdings 2 S.à.r.l. of Euros 0,01 par value, with no additional monetary compensation. This rate of exchange was verified by an independent expert appointed by the Mercantile Registry.

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

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

b) Share premium

This reserve can be freely distributed, except for the established in section f) of this note.

c) Legal reserve

According to the revised text of the Spanish Corporation Law, companies must transfer 10% of profits for the year to a legal reserve until this reserve is equivalent to at least 20% of capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of 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.

d) Parent company shares

The movements in treasury shares during the twelve-month period ended 31 December 2020 are as follows:

	Euros		
	Number	Face 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

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

No Group company owns shares in the Parent.

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e) 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.

f) Dividends and limitations on the distribution of dividends

The Parent Company's voluntary reserves at 31 December 2020 amounting to Euros 248,318 thousand, as well as the share premium and profit/(loss) for the year, are subject however to the legal limitations on their distribution.

g) Capital management

The Group's capital management policy applied is line with the policy described in the Group's consolidated financial statements for the year ended 31 December 2020.

12. Earnings/(losses) per share

a) Basic earnings

Basic earnings/(losses) per share amounts are calculated by dividing profit / (loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the twelve-month period ended 31 December 2020 and 2019, excluding own shares.

A breakdown of the basic earnings/(losses) per share calculation is as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Profit/(loss) for the period attributable to equity holders of the Parent (thousands of euros)	96,388	8,322
Weighted average number of ordinary shares outstanding	193,933,352	194,288,934
Basic earnings/(losses) per share from continuing operations (euros)	0.49702	0.04342
Basic earnings/(losses) per share from discontinued operations (euros)	<u>0.00000</u>	<u>(0.00059)</u>

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

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

	<u>31.12.2020</u>	<u>31.12.2019</u>
Ordinary shares outstanding at 1 January	195,629,070	195,629,070
Effect of changes in treasury shares	(1,695,718)	(1,340,136)
Weighted average number of ordinary shares outstanding at 31 December	<u>193,933,352</u>	<u>194,288,934</u>

b) Diluted earnings

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

13. Provisions

A breakdown of other provisions is as follows:

	Thousands of euros			
	<u>31.12.2020</u>		<u>31.12.2019</u>	
	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>	<u>Current</u>
Guarantees	-	37,602	-	28,437
Provisions for taxes	-	-	130	-
Provisions for obligations with employees	7,941	-	8,511	-
Litigation and other liabilities	5,695	-	2,765	-
Total	<u>13,636</u>	<u>37,602</u>	<u>11,406</u>	<u>28,437</u>

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.

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14. Bank borrowings and other marketable securities

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

	Thousands of euros	
	31.12.2020	31.12.2019
Non-current borrowings	670,939	856,723
Bank borrowings	163	312
Total non-current	671,102	857,035
Bank loans	801	5,954
ABL credit facility	174	5,797
Non-current borrowings	4,795	7,454
Bank borrowings	14,243	2,657
Total current	20,013	21,862
Total bank borrowings and other marketable securities	691,115	878,897

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 have been 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.

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This refinancing has entailed:

1. The voluntary partial repayment of Euros 90 million on the Euro tranche of the long-term loan with a reduction of 75 basis points in the interest rate.
2. The voluntary partial repayment of Euros 66.5 million on the USD tranche of the long-term loan with a reduction of 25 basis points in 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 loan or the total facility is drawn down over five consecutive days or in any event over thirty consecutive days.

These loans and facilities are subject to arrangement and issuance fees, and an availability commission in the case of credit facilities. In addition, after 45 days from the date of allocation, insurance costs will apply to all tranches of long-term loans held. 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 July 2020 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at the close of the twelve-month periods ended 31 December 2020 and 31 December 2019.

The following loans have been signed during the twelve months ended 31 December 2020:

	Company	Outstanding amount	
		2020	2019
Nominal loan of Euros 30,000 signed on 9 April 2020 with the guarantee of the ICO, maturing on 9 April 2023 and with an interest rate set at 1.42%, requested for the financing of extraordinary needs arising as a result of the impact of Covid19. This loan has been voluntarily repaid in advance.	Fluidra Finco, S.L.	-	-
Nominal loan of Euros 13,800 thousand signed on 20 May 2020 with the guarantee of the French state, maturing on 20 May 2021 and with an interest rate set at 0%, requested for the financing of extraordinary needs arising as a result of the impact of Covid19.	ZPES Holding SAS	13,800	-

In addition, during May and June, new credit facilities were signed for Euros 55,000 and USD 25,000. The USD policy matured in November and was not renewed.

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15. Risk management policy

The Group's risk management policies applied are in line with the policies described in the Group's consolidated annual accounts for the year ended 31 December 2019 prepared in accordance with IFRS-EU.

16. Changes in inventories of finished goods and work in progress and raw material supplies

The breakdown of this income statement caption is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Purchase of raw and related materials	719,825	618,213
Changes in inventories of raw materials, finished products and work in progress and goods	(17,819)	42,088
Charge to the provision for obsolescence	47	5,721
Total	<u>702,053</u>	<u>666,022</u>

17. Sales of goods and finished products

A breakdown of sales of goods and finished products by business unit in the twelve months ended 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Residential	1,072,898	953,068
Commercial	90,220	99,057
Water treatment	201,907	191,902
Fluid handling	81,868	75,753
Pool & Wellness	1,446,893	1,319,780
Irrigation, Industrial and Other	41,215	47,770
Total	<u>1,488,108</u>	<u>1,367,550</u>

In the twelve-month period ended 31 December 2020, the Commercial Pool caption included Euros 8,583 thousand (Euros 5,581 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.

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A breakdown of sales of goods and finished products by geographical region (country of destination) in the twelve months ended 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Southern Europe	458,694	442,803
Rest of Europe	284,953	230,000
North America	486,309	425,941
Rest of the world	258,152	268,806
Total	1,488,108	1,367,550

At 31 December 2020 there is a client in the US with sales to third parties of 15.22% of total sales.

At 31 December 2019 there was a client in the US with sales to third parties of 13.53% of total sales.

18. Income from the rendering of services

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

19. Personnel expenses

A breakdown of personnel expenses in the twelve months ended 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Wages and salaries	216,682	219,995
Termination benefits	2,228	3,928
Social security expense	40,385	39,680
Other employee welfare expenses	13,141	14,269
	272,436	277,872

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The average headcount during the twelve-month periods ended 31 December 2020 and 2019 by professional category is as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Management	115	101
Sales, logistics and production staff	4,480	4,205
Administration and purchasing staff	<u>905</u>	<u>1,184</u>
	<u><u>5,500</u></u>	<u><u>5,490</u></u>

A breakdown of the Group's headcount at the end of the twelve-month periods ended 31 December 2020 and 2019, by gender, is as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
Male	3,617	3,564
Female	<u>1,819</u>	<u>1,791</u>
	<u><u>5,436</u></u>	<u><u>5,355</u></u>

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20. Other operating expenses

A breakdown of Other expenses is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Leases and fees	11,072	9,764
Repairs and maintenance	20,119	19,246
Independent professional services	28,335	29,207
Temporary employment agency expenses	18,065	18,734
Commissions	7,154	3,840
Sales transportation and logistics services	71,174	63,045
Insurance premiums	4,872	5,165
Bank services	1,330	2,029
Advertising and publicity	17,164	23,562
Utilities	11,470	12,656
Communications	4,744	4,749
Travel expenses	10,386	21,240
Taxes	3,545	3,453
Adjustments due to impairment of receivables	3,720	4,224
Guarantees	20,907	8,563
Other (*)	14,732	26,612
	<u>248,789</u>	<u>256,089</u>

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

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21. Finance income and cost

A breakdown of finance income and costs is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Finance income		
Other finance income	5,318	1,481
Gains on the fair value of financial instruments	2,060	1,322
Total finance income	7,378	2,803
Finance cost		
Non-current interest on loans	(31,463)	(36,079)
Interest on debt (leasing, loans, policies and bills discounting)	(2,068)	(7,808)
Other finance costs	(2,033)	(3,070)
Losses on the fair value of financial instruments	(1,870)	(6,480)
Impairment losses on financial assets at amortized cost other than trade and other receivables	(493)	(355)
Total finance cost	(37,927)	(53,792)
Right-of-use finance cost	(4,861)	(4,929)
Exchange gains/(losses)		
Exchange gains	23,726	26,780
Exchange losses	(33,386)	(26,295)
Total exchange gains / (losses)	(9,660)	485
Net profit / (loss)	(45,070)	(55,433)

At 31 December 2020, the Gains on the fair value of financial instruments caption includes Euros 2,054 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 1,294 thousand at 31 December 2019).

At 31 December 2020, the Losses on the fair value of financial instruments caption includes Euros 859 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 5,607 thousand at 31 December 2019).

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22. Deferred taxes and income tax

During 2020 the Group has availed itself of the consolidated tax return scheme through five tax subgroups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, ZPES Holdings S.A.S. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

<u>Fluidra, S.A. (25%)</u>	Fluidra Engineering Services, S.L. Innodrip, S.L.U.	<u>Fluidra Services Italia, S.R.L. (24%)</u>
Fluidra Export, S.A.	I.D. Electroquímica, S.L	Fluidra Commerciale Italia, S.p.a.
Cepex, S.A.U.	Fluidra Finco, S.L.U.	Agrisilos, S.R.L.
Fluidra Commercial, S.A.U.		
Fluidra Comercial España, S.A.U.	<u>Zodiac Pool Solutions, LLC (23.31%)</u>	<u>ZPES Holdings, S.A.S. (28%)</u>
Fluidra J.V. Youli, S.L.	Zodiac Pool Systems, LLC	
Fluidra Services España, S.L.U. Industrias Mecánicas Lago, S.A.U.	Cover Pools Incorporated Fluidra Latam Export LLC (*)	Fluidra Commercial France, S.A.S. Fluidra Industry France, S.A.S.
Inquide, S.A.U.	Fluidra USA, LLC. (*)	Fluidra Assistance, S.A.S.
Metalast, S.A.U.		Piscines Techniques 2000, S.A.S.
Poltank, S.A.U.	<u>Fluidra Holdings Australia PTY LTD (30%)</u>	Poolweb, S.A.S.
Fluidra Global Distribution, S.L.U.	Fluidra Group Australia PTY LTD	Zodiac Pool Solutions, S.A.S.
Sacopa, S.A.U.	Fluidra Australia PTY LTD	Zodiac International, S.A.S.
Talleres del Agua, S.L.U.	Price Chemicals PTY LTD	Zodiac Pool Care Europe, S.A.S.
Togama, S.A.U.		
Trace Logistics, S.A.U.		
Unistral Recambios, S.A.U.		

(*) Companies included in the tax subgroup in 2020.

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

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

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable for the above-mentioned amount. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by

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the Company. After the sale of shares carried out by the shareholders on 31 October 2007 due to the Company's initial public offering, the non-current deferred tax and the non-current account receivable were reduced to Euros 1,138 thousand, which are included in the Other non-current accounts receivable caption. At 31 December 2020 and 2019 neither non-current deferred tax nor the non-current account receivable have shown any variation.

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

	Thousands of euros	
	31.12.2020	31.12.2019
Current tax		
for the year	48,346	29,250
Tax deductions	(3,327)	(1,181)
Prior years' adjustments	(2,916)	725
Provision for taxes (IFRIC 23)	5,743	(105)
Other/ Withholding at source on income earned abroad	428	556
Deferred taxes		
Origination and reversal of temporary differences	(19,465)	(25,332)
Tax credit for unused tax loss carryforwards and deductions	9,518	6,097
Effect of the change in the tax rate	791	(4,028)
Total income tax expense	<u>39,118</u>	<u>5,982</u>

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

	Thousands of euros	
	31.12.2020	31.12.2019
Current tax	45,019	28,069
Withholdings and payments made on account during the year	(28,719)	(19,597)
Other	(1,462)	(2,339)
Provisions based on IFRIC 23	10,123	5,263
Translation differences	(718)	(5)
Additions from business combinations	183	-
Liabilities derecognised due to the sale of Group companies	34	-
Tax payable in 2019	(1,067)	-
Tax payable in 2018	-	(4,267)
	<u>23,393</u>	<u>7,124</u>

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

	Thousands of euros	
	31.12.2020	31.12.2019
Profit for the year before tax from continuing operations	139,021	20,093
Profit at 25%	34,755	5,023
Effect of applying different tax rates in other countries	311	(31)
Permanent differences	2,680	(5,407)
Offsetting of unrecognised loss carryforwards from prior years	(1,474)	(964)
Tax effect of unused loss carryforwards in current year	1,253	8,170
Differences in the income tax expense from prior years	(2,916)	725
Withholding at source on income earned abroad	428	556
Provision for taxes (IFRIC 23)	5,743	(105)
Tax deductions generated in the year	(3,327)	(1,181)
Effect of the change in the tax rate	791	(4,028)
Other	874	3,224
Income tax expense	<u>39,118</u>	<u>5,982</u>

Deferred tax assets related to taxable income available for offset and unused deductions recorded in the Group's consolidated financial statements at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Deductions	1,016	2,997
Tax loss carryforwards	<u>34,334</u>	<u>40,734</u>
	<u>35,350</u>	<u>43,731</u>

The Group has recognised these assets since it expects to offset them against future tax profit.

Group companies are open to inspection for all applicable taxes to which they are liable for the legal tax periods open to inspection in each country. The Group does not expect that any significant additional liabilities will arise for the companies in the event of a potential tax inspection.

The companies Zodiac Pool Systems, LLC, Fluidra Global Distribution, S.L.U., Fluidra Comercial España, S.A.U., W.I.T. Egypt, Egyptian Limited Liability Company and Zodiac Pool Care Europe, S.A.S. are currently undergoing inspections which are not expected to result in significant liabilities for the Fluidra Group.

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

Tax	Open tax periods
Corporate income tax	From 2016 to 2020
Value added tax	From 2017 to 2020
Personal income tax	From 2017 to 2020
Tax on Economic Activities	From 2017 to 2020

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

In April 2019 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The certificate of acceptance with regard these inspections was signed on 27 February 2020. The Tax Authorities have not performed 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 consolidated financial statements of the Group taken as a whole.

Based on the tax reform included in the General State Budget act of 31 December 2020, which reduces dividend exemption to 95%, no deferred taxes have been recorded. 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 income was carried out in advance of the year-end closing and therefore the parent company has sufficient reserves for the distribution of dividends to shareholders in 2021.

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23. 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			
	31.12.2020		31.12.2019	
	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	319	-	386	-
Debtors	21	-	36	-
Suppliers	-	705	-	620
Creditors	-	-	-	-
Total current	<u>340</u>	<u>705</u>	<u>422</u>	<u>620</u>

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, specifically purchases of spas and accessories from Iberspa, S.L. (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.).
- b. Lease contracts on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Immobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under Lease payments / expenses for services and others amounting to Euros 1,895 thousand in the twelve-month period ended 31 December 2020 (Euros 2,811 thousand in the same period in 2019).
- 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.

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

	Thousands of euros			
	31.12.2020		31.12.2019	
	Associates	Related parties	Associates	Related parties
Sales	856	1,153	492	1,127
Income from services	94	166	46	184
Purchases	(194)	(4,354)	(55)	(4,124)
Lease payments / expenses for services and other	-	(1,934)	-	(2,854)

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	
	31.12.2020	31.12.2019
Total key management personnel	5,620	4,023
Total Directors of the Parent company	6,814	6,587

The members of the Parent company's Board of Directors have received Euros 1,216 thousand in the twelve-month period ended 31 December 2020 (Euros 1,216 thousand in the same period in 2019) from the consolidated companies in which they act as board members. Additionally, for their executive duties, they have received Euros 5,478 thousand in the twelve-month period ended 31 December 2020 (Euros 5,251 thousand in the same period in 2019). Executive duties includes payment in kind relating to vehicles, life insurance, medical insurance and income from share plans. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses (Euros 120 thousand in 2019).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 111 thousand in the twelve-month period ended 31 December 2020 (Euros 31 thousand in the same period in 2019). These life insurance policies include an income supplement in the event of total permanent invalidity.

Furthermore, the Company has made contributions to benefit plans and pension plans amounting to Euros 92 thousand in the twelve-month period ended 31 December 2020 (Euros 76 thousand in 2019).

During the twelve-month period ended 31 December 2020, civil liability insurance premiums for all the Group's directors to cover damages arising in the performance of duties during the year have been paid amounting to Euros 91 thousand (Euros 65 thousand for the same period in 2019).

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

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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 with the Zodiac Group.

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 2020 the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand, which will be settled in full in equity instruments. At 31 December 2020, an equity increase was recorded in this respect for the amount of Euros 6,889 thousand (Euros 7,300 thousand at 31 December 2019).

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 Plan 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.

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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 2020, an equity increase was recorded in this respect for the amount of Euros 2,202 thousand, net of the tax effect (Euros 4,150 thousand at 31 December 2019).

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

During the twelve-month period ended 31 December 2020 and 2019 the Directors of the Parent Company have not carried out any transactions with the Company or with Group companies other than those conducted on an arm's length basis in the normal course of business.

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

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

24. Other commitments and contingencies

At 31 December 2020 and 2019 the Group has not presented any mortgage guarantees.

At 31 December 2020, the Group has guarantees with financial institutions and other companies amounting to Euros 6,950 thousand (Euros 7,799 thousand in 2019).

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25. EBITDA

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

Sales of goods and finished products + Income from services rendered + Work performed by the Group for its own non-current assets + Profit/(loss) from sales of fixed assets – Change in inventories of finished products and work in progress and raw material supplies – Personnel expenses – Other operating expenses + Share in profit/(loss) for the year of entities accounted for using the equity method.

Calculation of EBITDA for 2020 and 2019	Thousands of euros	
	31.12.2020	31.12.2019
Sales of goods and finished products	1,488,108	1,367,550
Income from services rendered	22,752	24,928
Work performed by the Group and capitalised as non-current assets	14,848	14,157
Profit/(loss) from sales of fixed assets	(386)	(1,364)
Change in inventories of finished products and work in progress and raw material supplies	(702,053)	(666,022)
Personnel expenses	(272,436)	(277,872)
Other operating expenses	(248,789)	(256,089)
Share in profit/(loss) for the year from companies accounted for using the equity method	28	-
EBITDA	302,072	205,288

26. Main accounting implications of COVID-19

The emergence of the Covid-19 Coronavirus in China in January 2020, and its global spread affecting many countries around the world, led to the outbreak being classified as a pandemic by the World Health Organization on 11 March 2020.

The Group has focused on continuously monitoring the crisis in order to minimise the impact, protecting the safety of its workers and providing consistency and support to its customers, as well as guaranteeing sufficient cash flow to enable normal operations.

The situation caused by Covid-19 caused the Group to interrupt operations between March and May, to differing extents depending on the countries of operation. The necessary safety measures have been implemented and/or work-from-home arrangements put in place where possible in order to maintain operations, adopting measures such as: call & collect, click & collect, direct delivery and modified and flexible opening hours to minimise the impact on our sales figures.

The Group has supported the communities where it operates by manufacturing components for intensive care ventilators as well as personal protective equipment. In addition, a campaign has been launched to raise awareness, under the slogan “A swimming pool is a safe place”, since properly treated pool water can eliminate

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the virus. This campaign includes measures and advice on the safe use of both public and private swimming pools.

In terms of quantitative impacts on sales in February, the Group was growing in double digits compared to the prior year, but due to the Covid-19 crisis, sales slowed down with a slightly above double-digit slump in March and a drop of almost 20% in April, followed by growth in May, particularly in the second half of the month once the re-opening conditions had been re-established to a relatively normal degree. This recovery gained momentum in June with positive performance in the entire northern hemisphere. The overall big picture at the end of the first half of 2020 is a sales growth figure of +2.4%. During the second half of the year, progress has been very positive as a result of growth in the residential business segment thanks to the “cocooning” and “stay at home” effect which has led to greater use of existing installations, and therefore more maintenance work, as well as new installations. The commercial swimming pool sector has continued to be impacted. Based on these factors, the second half of the year has seen growth of 16.7%, averaging out at 8.8% growth for the year after absorbing the negative impacts of Covid-19 at the start of the year. In addition, Covid-19 has impacted on the supply chain, generating higher costs associated to certain stockouts, which has been offset by the cost savings resulting from restricted travel among Group staff.

In the current context of uncertainty, the Group has reviewed the areas where impacts may be felt from an accounting standards standpoint, in terms of the year-end closing:

- Balance sheet and assessment of the going concern principle.

As the closing figures indicate, sales performance does not suggest the continuity of the business is at risk, and it is further supported by long-term financing with a bullet repayment in 2025.

At year end, all covenants pertaining to the financing have been comfortably met, both regarding long-term loans (Term Loan B) and short-term (ABL credit facility and revolving credit facility).

Net financial debt (which includes lease liabilities) at year end is Euros 582 million, 23% below the prior year.

Net debt-to-EBITDA ratios are showing excellent performance.

All the stress test scenarios assessed have shown the balance sheet to be sound and do not cast any doubt on the continuity of the business.

- Asset impairment (IAS 36)

As described in note 7, the Group has analysed the impairment of all CGUs using the annual impairment analysis methodology, with corresponding sensitivity analyses.

As a result of this analysis, the Group has concluded that there is no impairment, even after performing the standard sensitivity analysis.

- Estimated expected loss in trade accounts receivable

The Group evaluates the expected credit losses associated with the debt instruments recognised at amortised cost on a prospective basis.

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.

It should be noted that the percentage of Trade and other receivables over Sales of goods and finished products has improved, going from 23% at the prior year end to 16.8% at the end of this year.

Thus, the Group has applied the historical percentage of expected losses.

- Other impacts

In the first half of 2020, during the Covid-19 crisis, the measures adopted included presenting furlough schemes (ERTE) in certain Spanish companies, temporary staff cuts in other regions, rent renegotiations, and other temporary remuneration cuts for management and directors. The Group has also reduced the Travel Expenses, Independent Professional Services and Advertising and Publicity captions. Overall, this had a total impact of a reduction of Euros 8 million in the first half of the year.

The positive evolution of the business during the second half of the year enabled the business plan targets to be met, for this reason the Group has reimbursed the amounts of voluntary salary reduction of workers, managers and directors. Therefore, long-term variable remuneration approved on 27 June 2018 has been increased, amounting to Euros 29,971 thousand at 31 December 2020.

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The Group has assessed other possible impacts due to the current context, in the following areas: Deferred tax assets and tax loss carryforwards (IAS 12), provisions and contingent liabilities (IAS 37) and inventory measurement (IAS 2), concluding that there are no material impacts on the Consolidated Interim Financial Statements, as a result of the uncertainty caused by Covid-19.

27. Subsequent events

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., from where it will continue to operate.

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 approximately 10 million U.S. dollars.

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In accordance with article 12 of Royal Decree 1362/2007, on 24 February 2021, 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 statements of financial position, the interim condensed consolidated income statements, the interim condensed consolidated statements of comprehensive income, the interim condensed consolidated statements of changes in equity, the interim condensed consolidated cash flow statements and the notes to the interim condensed consolidated financial statements) for the twelve-month periods ended 31 December 2020 and 2019. 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

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. Sébastien Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A.
AND SUBSIDIARIES

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

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

Subsidiaries, accounted for using the full consolidation method

- Agrisilos, S.R.L., domiciled in Vescovato (Italy), is mainly engaged in the production, processing, assembly and marketing of plastic products and other materials for use in agricultural and industrial settings, swimming pools, swimming pool equipment and supplies, water treatment products, robotic cleaning devices and membranes for projects in the gas industry and, in general, products and accessories, spare parts, expandable structures and products relating to the wellness market, including maintenance, repair, management and other services relating to the abovementioned activities.
- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.
- Astral AquaDesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.
- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Modletice-Doubravice (Czech Republic), is mainly engaged in the marketing of pool accessories.
- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.
- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.
- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (HongKong), is mainly engaged in the marketing of pool-related accessories.
- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.
- Astralpool UK Limited., domiciled in Fareham (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- AYW Concept BV/SRL, with registered address in Wavre (Belgium), has the registered activities of purchase, sale, operation, development, construction, management, decoration, rental, subletting, exchange, property appraisal, purchase and sale related negotiations, brokering and sale, rental, subletting of real estate and in general all activities directly or indirectly relating to real estate development in the broadest sense. Creating and organising events and fairs. It can act as guarantor and provide any type of personal or real collateral to any person or business, associated or otherwise. It may obtain interests, by any legal means, in any company, business or corporation with the same, similar or ancillary activities or which could promote or facilitate the development of its registered activity and provide it with new products, points of sale or raw materials, or promote its sales or distribution. It may undertake all kinds of transactions, commercial, industrial, financial, movable or immovable, which are directly or indirectly related with its registered activity and which promote the achievement and development of its purpose. It may participate by contribution, subscription, sale, investment, merger, financial or other intervention in all other companies, associations and businesses, both in Belgium and abroad. The company can also act as director or liquidator in other companies.
- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.
- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

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

- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.
- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.
- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.
- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.
- 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, as well as Astral Pool Australia Pty Ltd.
- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Belgique, S.R.L., domiciled in Courcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in the wholesale selling of swimming pool products.
- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Itajaí (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.
- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.
- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.

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of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Comercial España, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification.
- 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 Italia, S.P.A., domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products..
- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commercial, S.A.U., (merged with Fluidra Industry España, S.A.U.) domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.
- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.
- Fluidra Finco, S.L.U., (merged with Fluidra Industry, S.A.U. and Piscine Luxembourg Holdings 3 S.A.R.L.) domiciled in Sabadell (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of products for swimming-pools, irrigation and water treatment and purification, as well as the marketing of such products both in the domestic market and abroad, and the representation of brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.. The company is also engaged in investing in all types of business and enterprises, and advising, managing and administering the companies in which it holds an ownership interest
- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution.
- 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, S.A.
AND SUBSIDIARIES

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

- 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) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialties for swimming-pools, irrigation and water treatment.
- Fluidra Industry 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 JV Youli, S.L.U. domiciled in Sabadell (Barcelona, Spain), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.
- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.
- Fluidra Latam Export LLC, domiciled in Wilmington (US), is mainly engaged in distributing pool materials in the Latin American market.
- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.
- Fluidra Malaysia SDN.BHD, domiciled in 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 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 directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Fluidra Nordic A/S (formerly Fluidra Danmark A/S), domiciled in Røddekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.
- Fluidra Österreich GmbH "SSA", domiciled in Gödlig (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 España, S.L.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.
- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training, 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 Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.
- Fluidra South Africa (Pty), Ltd, domiciled in Johannesburg (South Africa), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.
- Fluidra Switzerland, S.A., domiciled in Lugano (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., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and electrochemical reactors.
- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.
- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.
- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.
- 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.
- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.
- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.
- Ningbo Dongchuan Swimming Pool Equipment Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminium products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.
- Ningbo Linya Swimming Pool & Water Treatment Equip`Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.
- Pentagone APCD BV/SRL, established in Wavre (Belgium), has as its corporate purpose the production, distribution, sale, installation, maintenance and repair, as an intermediary or on its own account, of swimming pools, saunas, jacuzzis, etc., and all accessories. The purchase and sale of all products for the maintenance of swimming pools. The purchase, sale and rental of all swimming pool accessories. The company is engaged in the research and development of new applications in the field of water treatment, dehumidification, air treatment, heat pump heating and robotics. The company acts on its own account, on consignment, as a commission agent or as a representative. It may have interests in any undertaking, business or company having a similar or analogous purpose, or which may facilitate the realisation of such purpose. The company may carry out its purpose in Belgium or abroad in the manner it considers most appropriate. In general, it may carry out any type of transaction, whether commercial, industrial, financial, civil, movable or immovable, whether in Belgium or abroad, directly or indirectly related to its purpose.
- 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.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.
- Poolweb, SAS, domiciled in 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.
- Riot 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.
- 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.
- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.
- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria, Spain), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.
- Ten Four Industria e Serviços LTDA, established in Valinhos (Brazil), has as its corporate purpose the manufacture and marketing of cleaning and polishing products; the manufacture on behalf of third parties and trade in agricultural defensives, fertilisers and soil improvers; the supply of containers, packaging, fractioning, wrapping, repackaging, inserts, labels, packaging and bags for solid and liquid products for third parties; road transport of cargo, in general, municipal, inter-municipal and inter-state; road transport of dangerous goods, provision of freight transport logistics organisation services; warehousing of goods for third parties and other service activities provided mainly to businesses, provision of advisory and consultancy services, including registration and the like, promotional marketing.
- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- 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.
- 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.
- 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.
- 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 unglued 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 (Proprietary) Limited, domiciled in Centurion (South Africa), is engaged in the manufacture, distribution and sale of pool equipment and products and chemical specialties.
- Zodiac Pool Deutschland GmbH., domiciled in Großostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Solutions, S.A.S., domiciled in 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.
- 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.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.
- ZPES Holdings, S.A.S., domiciled in 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.
- OCM Products Limited, domiciled in Wigan (England), is mainly engaged in the production and marketing of swimming-pool filtering products in both the residential and commercial markets.

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

% Ownership interest	
Direct	Indirect

List of subsidiaries accounted for using the full consolidation method

FLUIDRA FINCO, S.L.U.	100%	(9)
FLUIDRA COMMERCIAL, S.A.U.	100%	(10)
AO ASTRAL SNG	90%	
ASTRAL AQUADESIGN Limited Liability Company	58.50%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	100%	
ASTRAL INDIA PRIVATE, LIMITED	100%	
FLUIDRA INDIA PRIVATE LIMITED	100%	
ASTRALPOOL CYPRUS, LTD	90%	
ASTRALPOOL HONGKONG, CO., LIMITED	100%	
FLUIDRA SWITZERLAND, S.A.	100%	
ASTRALPOOL UK LIMITED	100%	(4)
CEPEX MEXICO, S.A. DE C.V.	100%	
CERTIKIN INTERNATIONAL, LIMITED	100%	(4)
CERTIKIN INTERNATIONAL (IRELAND) LIMITED	100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED	100%	
FLUIDRA ADRIATIC D.O.O.	100%	
FLUIDRA BALKANS JSC	61.16%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA	100%	
VEICO. COM. BR INDÚSTRIA E COMÉRCIO LTDA	100%	
TEN FOUR INDÚSTRIA E SERVIÇOS LTDA	100%	(6)
FLUIDRA CHILE, S.A.	100%	
FLUIDRA COLOMBIA, S.A.S	100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	100%	
FLUIDRA NORDIC A/S	100%	(Formerly Fluidra Danmark A/S)
FLUIDRA DEUTSCHLAND GmbH	100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company	90%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89.99%	
FLUIDRA ENGINEERING SERVICES, S.L.U.	100%	
FLUIDRA EXPORT, S.A.U.	100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.	100%	
FLUIDRA HELLAS, S.A.	86.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD	100%	
ZODIAC POOL CARE SOUTH AFRICA (PROPRIETARY) LIMITED	100%	
FLUIDRA WATERLINX PTY, LTD	100%	
FLUIDRA INDONESIA PT.	100%	
FLUIDRA JV YOU LI, S.L.U.	100%	
FLUIDRA KAZAKHSTAN Limited Liability Company	51%	
FLUIDRA MAGYARORSZÁG Kft.	95%	
FLUIDRA MALAYSIA SDN.BHD.	100%	
FLUIDRA MAROC, S.A.R.L.	90%	
FLUIDRA MEXICO, S.A. DE C.V.	100%	
FLUIDRA MIDDLE EAST FZE	100%	
FLUIDRA AL URDOUN FZ	70%	
FLUIDRA MONTENEGRO DOO	60%	
FLUIDRA ÖSTERREICH GmbH "SSA"	98.5%	
FLUIDRA POLSKA, SP. Z.O.O.	100%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

FLUIDRA COMERCIAL PORTUGAL UNIPESOAL, LDA.	100%
FLUIDRA ROMANIA S.A.	66.66%
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%
FLUIDRA SERVICES ITALIA, S.R.L.	100%
FLUIDRA COMMERCIALE ITALIA, S.P.A.	100%
AGRISILOS, S.R.L.	90% (3) - 100%
LAGHETTO FRANCE, S.A.R.L.	90% (3) - 100%
FLUIDRA SINGAPORE, PTE LTD	100%
FLUIDRA SOUTH AFRICA (PTY) LTD	100%
FLUIDRA NORDIC AB	100%
FLUIDRA (THAILAND) CO, LTD	100%
ASTRALPOOL (THAILAND) CO., LTD	99%
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%
TURCAT POLYESTER SANAYI VE TICARET A.S.	75.50%
FLUIDRA VIETNAM LTD	100%
RIIOT LABS NV/SA	100%
SIBO FLUIDRA NETHERLANDS B.V.	70% (3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%
ZODIAC POOL DEUTSCHLAND GMBH	100%
FLUIDRA HOLDINGS AUSTRALIA PTY LTD	100%
FLUIDRA GROUP AUSTRALIA PTY LTD	100%
FLUIDRA (N.Z.) LIMITED	100%
FABTRONICS AUSTRALIA PTY LTD	80% (6) / (3) – 100%
FLUIDRA AUSTRALIA PTY LTD	100% (2)
PRICE CHEMICALS PTY LTD	100%
FLUIDRA TUNISIE, SARL	100%
FLUIDRA BH D.O.O. BIJELJINA	60%
UNISTRAL RECAMBIOS, S.A.U.	100%
CEPEX S.A.U.	100%
METALAST, S.A.U.	100%
NINGBO LINYA SWIMMING POOL & WATER TREATMENT EQUIP. CO., LTD	100%
POLTANK, S.A.U.	100%
SACOPA, S.A.U.	100%
I.D. ELECTROQUÍMICA, S.L.	100%
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%
INQUIDE, S.A.U.	100%
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENT CO., LTD	70%
PRODUCTES ELASTOMERS, S.A.	70%
TALLERES DEL AGUA, S.L.U.	100%
TOGAMA, S.A.U.	100%
FLUIDRA USA, LLC	100%
MANUFACTURAS GRE, S.A.U.	100%
ME 2000, S.R.L.	100%
TRACE LOGISTICS, S.A.U.	100%
TRACE LOGISTICS NORTH BV	100% (5)
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%
INNODRIP, S.L.U	100%
ZPNA HOLDINGS SAS	100%
ZODIAC POOL SOLUTIONS LLC	100%
ZODIAC POOL SYSTEMS CANADA INC	100%

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

ZODIAC POOL SYSTEMS LLC	100%
COVER POOLS INCORPORATED	100%
FLUIDRA LATAM EXPORT LLC	100%
ZPES HOLDINGS SAS	100%
ZODIAC POOL SOLUTIONS SAS	100%
ZODIAC POOL CARE EUROPE SAS	100%
ZODIAC SWIMMING POOL EQUIPMENT(SHENZEN) CO, LTD	100%
ZODIAC INTERNATIONAL SAS	100%
FLUIDRA SERVICES FRANCE, S.A.S.	100%
FLUIDRA COMMERCIAL FRANCE, S.A.S.	100%
AYW CONCEPT BV/SRL	100% (6)
PENTAGONE APCD BV/SRL	100% (6)
FLUIDRA ASSISTANCE, S.A.S.	100%
FLUIDRA BELGIQUE, S.R.L.	100%
POOLWEB S.A.S.	100%
FLUIDRA INDUSTRY FRANCE, S.A.S.	100%
PISCINES TECHNIQUES 2000, S.A.S.	100%

List of associates consolidated using the equity method

ASTRAL NIGERIA, LTD.	25% (1)
OCM PRODUCTS LIMITED	50% (1)

List of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11% (1)
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(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd fully owns the companies Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd.

(3) Companies that have been fully integrated in the consolidated annual accounts and the book value of their non-controlling interest has no longer been recognised.

(4) The companies Certikin International Limited and Astralpool UK Limited, wholly-owned 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.

(5) Newly-incorporated companies during the twelve-month period ended 31 December 2020.

(6) Companies acquired during the twelve-month period ended 31 December 2020.

(7) During the year ended 31 December 2020, the Group has wound up the companies Loitech (Ningbo) Heating Equipment Co, Ltd, La Tienda Swimming Pool Maintenance LLC, U.S. Pool Holdings, INC, Aquaproducts, INC and Fluidra Projects USA, INC.

(8) In the twelve-month period ended 31 December 2020, SET Energietechnik, GmbH and Technical Pool Service, S.L. were sold.

(9) Company merged with Fluidra Industry, S.A.U. and Piscine Luxembourg Holdings 3, S.A.R.L.

(10) Company merged with Fluidra Industry España, S.A.U.

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	145,496	17,011	434,447	14,522	-	(611,476)	-
Segment sales of goods and finished products	930,487	482,024	502,567	184,411	95	(611,476)	1,488,108
COGS	(639,690)	(226,587)	(338,748)	(95,066)	-	598,038	(702,053)
Gross profit	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)
Amortization and depreciation 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 results
for the twelve-month period ended 31 December 2019
(Expressed in thousands of euros)

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Sales to third parties	706,221	404,062	70,995	186,180	92	-	1,367,550
Sales to third parties in USA	122	379,371	7,552	6,775	-	-	393,820
Sales to third parties in Spain	142,984	3	30,418	-	-	-	173,405
Sales to third parties in France	166,605	-	5,266	-	-	-	171,871
Inter-segment sales	61,337	21,601	370,441	10,030	-	(463,409)	-
Segment sales of goods and finished products	767,558	425,663	441,436	196,210	92	(463,409)	1,367,550
COGS	(515,916)	(218,343)	(284,777)	(109,856)	-	462,870	(666,022)
Gross profit	<u>251,642</u>	<u>207,320</u>	<u>156,659</u>	<u>86,354</u>	<u>92</u>	<u>(539)</u>	<u>701,528</u>
OPEX	(156,934)	(133,028)	(90,920)	(65,519)	336,956	(382,571)	(492,016)
Adjustments due to impairment of receivables	(1,874)	106	(107)	(1,719)	(114)	(516)	(4,224)
Amortization and depreciation expenses and impairment losses	(17,675)	(16,870)	(15,203)	(8,907)	(46,352)	(24,755)	(129,762)
Operating profit/(loss) from reporting segments	<u>75,159</u>	<u>57,528</u>	<u>50,429</u>	<u>10,209</u>	<u>290,582</u>	<u>(408,381)</u>	<u>75,526</u>
Share in profit/(loss) of associates	-	-	-	-	-	-	-
EBITDA	<u>92,834</u>	<u>74,398</u>	<u>65,632</u>	<u>19,116</u>	<u>336,934</u>	<u>(383,626)</u>	<u>205,288</u>

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 2020 and 2019 prepared in accordance with IFRS as adopted by the European Union.

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)

	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

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the twelve-month period ended 31 December 2019
(Expressed in thousands of euros)

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
NON-CURRENT ASSETS							
Property, plant, and equipment	24,526	21,464	53,855	7,891	10,651	1,589	119,976
Property, plant and equipment in Spain	5,363	-	50,919	-	10,458	-	66,740
NWC	134,354	78,100	52,930	61,852	(16,166)	(28,418)	282,652
Inventories	93,590	58,370	88,963	38,700	-	(20,152)	259,471
Trade and other receivables	96,662	132,434	15,631	55,858	16,950	(2,790)	314,745
Trade and other payables	55,898	112,704	51,664	32,706	33,116	5,476	291,564

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

Fluidra, S.A. and Subsidiaries

Interim Consolidated Directors' Report

31 December 2020

(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 2020 close amounts to Euros 1,488.1 million, which reflects an 8.8% increase in comparison with the prior year (+11.0% at perimeter and constant exchange rate). During this year, growth by quarters has been impacted by the different stages of the Covid-19 crisis. In the first quarter, the Group grew by 0.9% (1.2% at a constant exchange rate) and growth in the second quarter was 3.5% (3.9% at a constant exchange rate), both affected by the lockdowns. There was a notable increase of 20.1% in sales in the third quarter (25.1% at a constant exchange rate) and growth of 13.3% in the last quarter of the year (17.3% at perimeter and constant exchange rate). During the second half of the year, the outlook has been very positive as a result of growth in the residential business segment thanks to the "cocooning" and "stay at home" effect which has led to greater use of existing installations, and therefore more maintenance work, as well as new installations.

In terms of sales performance by geographical area, mention should be given to growth on the US market, at a rate of 14.2% (17.2% at a constant exchange rate), and Europe, with a growth rate of 23.9% (25.0% at a constant exchange rate), particularly driven by the German and Eastern European markets. The Southern European market has recorded progress of +3.6%, recovering during the period due to the impact of the total closure of these markets due to the Covid-19 crisis. The rest of the world recorded -4.0% (0.7% at a constant exchange rate), due to the impact of Covid-19 largely in the Asian market, with high concentration in the commercial swimming pool market.

In the progress of sales by business unit, the positive performance of the Pool&Wellness unit stands out (+9.6%), driven by outstanding performance in Residential Pools (+12.6%), very favourable evolution in pool water treatment (+5.2%) and a drop of 8.9% in the commercial pools segment. The rest of the non-core families (Irrigation, Industrial and Others) registered a drop of 13.7%.

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 performed very well, increasing from 51.3% to 52.8% thanks to price increases transferring increases in raw materials, cost cutting initiatives, which offset the negative effects of the product and market mix.

Net operating expenses (sum of employee benefits expense, other operating expenses net of income from services rendered, work performed by the Group and capitalized as non-current assets, profit from the sale of fixed assets and before changes in trading provisions) have decreased by 2.4% compared to the previous year. This decrease is attributable to the effect of the reduction in expenses associated to the synergies obtained on the merger with Zodiac and expenses from the integration, as well as the reduction of certain items, such as travel expenses, which are still being impacted by the Covid-19 effect, with a decrease of Euros 10.8 thousand.

The evolution of the impairment adjustments in accounts receivable has been positive, going from Euros 4.2 million to Euros 3.7 million, since collections accelerated in the second half of the year due to the positive performance of the sector as a whole, enabling the historical percentage of losses to remain steady without adjustment.

In the Depreciation and amortisation expenses and Impairment losses line, there has been a decrease from Euros 129.8 million to Euros 118.0 million, mainly as a result of the amortisation of intangible assets from the acquisition of Zodiac.

The finance cost has gone from Euros -55.4 million in 2019 to Euros -45.1 million in 2020 due to less use of short-term financing facilities and the impact of renegotiated interest rates on Euro and USD tranches of long-term loans, as well as the repayment of a portion of these loans in January (see note 14). These factors as a whole offset negative exchange differences of Euros 9.7 million.

Net profit/(loss) attributed to the Parent has increased from Euros 8.3 million to Euros 96.4 million, mainly due to the improvement in operating profits described above.

EBITDA was up by Euros 96.8 million, increasing from Euros 205.3 million last year to Euros 302.1 million this year.

With regard to the Group's consolidated balance sheet, there has been a notable drop of Euros 71.2 million in net working capital, despite the increase in sales. This decrease is caused by the acceleration of collections during 2020, reducing the balance by Euros 65.4 million (20.8%). The evolution of inventories and accounts receivable has been in line with the increase in sales for the year.

Fluidra, S.A. and Subsidiaries

Interim Consolidated Directors' Report

31 December 2020

Investments in property, plant and equipment and other intangible assets have decreased by Euros 4.1 million, reaching a figure of Euros 43.5 million in 2020, due to the containment of investments to strengthen the Group's balance sheet and tackle the possible effects of Covid-19 during the first half of the year.

Net Financial Debt (which includes lease liabilities) has decreased from Euros 756.8 million to Euros 581.9 million, caused by favourable profit performance, less investments and the aforementioned lower net working capital investment. Additionally, these figures of the year 2020 include the distribution of dividends of Euros 40.8 million in October 2020.

Staff turnover has seen an increase of 81 people with respect to the corresponding prior year period. The average headcount at 31 December 2020 is 5,500 people, split into 67% male staff and 33% 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.

A breakdown of information on related-party transactions can be found in note 23 Related-party balances and transactions within the half-yearly financial report.